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INVESTIGATION OF CONCENTRATION OF ECONOMIC POWER

HEARINGS

BEFORE THE

TEMPORARY NATIONAL ECONOMIC COMMITTEE CONGRESS OF THE UNITED STATES

SEVENTY-SIXTH CONGRESS

SECOND SESSION

PURSUANT TO

Public Resolution No. 113 **(Seventy-fifth Congress)**

AUTHORIZING AND DIRECTING A SELECT COMMITTEE TO
MAKE A FULL AND COMPLETE STUDY AND INVESTIGA-
TION WITH RESPECT TO THE CONCENTRATION OF
ECONOMIC POWER IN, AND FINANCIAL CONTROL
OVER, PRODUCTION AND DISTRIBUTION
OF GOODS AND SERVICES

PART 17-A

PETROLEUM INDUSTRY **REPLIES OF OIL COMPANIES TO THE COMMITTEE** **QUESTIONNAIRE ON FINANCIAL DATA** **AND RELATED TOPICS**

OCTOBER 20, 1939

Printed for the use of the Temporary National Economic Committee



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(Created pursuant to Public Res. 113, 75th Cong.)

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INVESTIGATION OF CONCENTRATION OF ECONOMIC POWER

FRIDAY, OCTOBER 20, 1939

UNITED STATES SENATE,
TEMPORARY NATIONAL ECONOMIC COMMITTEE,
Washington, D. C.

EXHIBITS NOS. 1312, 1313, 1314, 1315, 1316, AND 1317¹

DEPARTMENT OF JUSTICE,
Washington.

EXHIBIT No. 1312

STATEMENT PREPARED FOR THE TEMPORARY NATIONAL ECONOMIC COMMITTEE

(Based upon financial reports and data submitted by oil companies to the Temporary National Economic Committee in response to the Committee's questionnaire)

STATEMENT A

(By Christopher Del Sesto, Special Assistant to the Attorney General, Department of Justice, Washington, D. C.)

The task assigned to me has been to study and review briefly the financial reports and data submitted by oil companies to the Temporary National Economic Committee in response to this Committee's questionnaire.

A resume of the financial data submitted by oil companies has already been presented to this Committee as part of the Outline of Economic Data Relating to the Petroleum Industry which was submitted to this Committee on the opening day of these hearings. (See Exhibit 1139, in Vol. V., No. 16, p. 521 et seq. of Record; and Appendix I of Exhibit 1139, in Vol. VI, No. 6, p. 269 et seq. of Record.)

Some of the more salient financial facts there presented may be reviewed briefly.

The petroleum industry utilizes at present from 11 to 15 billion dollars of capital. Measured by the gross investment in capital assets, the industry has grown from 6½ billion dollars in 1921 to 14¼ billion dollars in 1938.

The investment in the industry is spread over the four branches of the industry in approximately the following proportions: production, 45%; transportation, 15%; refining and manufacturing, 25%; marketing, 15%.

Earnings in the petroleum industry fluctuate to a greater degree than do the earnings of other industries, and the fluctuations are not always synchronous with changes in other industries.

Dividends paid by the principal oil companies during the 15-year period 1922-1937 averaged about 4% a year while the average for 135 leading industrial corporations for the same period averaged better than 5%.

The petroleum industry is characterized by a relatively small number of large enterprises constituting probably two-thirds of the investment in the entire industry. The remainder of the industry is made up of thousands of small producers and marketers and several hundred refining companies.

¹ Entered in the record October 20, 1939. See Hearings, Part 17, p. 9606. Responsibility for the accuracy of data herein rests with Mr. Del Sesto.

These larger units in the petroleum industry are commonly referred to as "major companies."¹ The major companies are twenty in number and were incorporated in the following states:

Delaware.....	9 companies.
Ohio.....	3 companies.
New Jersey.....	2 companies.
New York.....	2 companies.
Pennsylvania.....	2 companies.
California.....	1 company.
Indiana.....	1 company.

As of December 31, 1938, the total assets at depreciated value of the twenty major oil companies were in excess of 8 billion dollars. During the 15-year period, 1924-1938, the total assets of the twenty major oil companies increased from 5 to 8 billion dollars, or an increase of approximately 60%. Some of the increase was accounted for by consolidations and mergers.

Even among the twenty major oil companies, there is considerable concentration of assets among the five leading companies—Standard Oil Company (New Jersey), Socony-Vacuum Oil Company, Incorporated, Standard Oil Company (Indiana), The Texas Corporation, and Standard Oil Company of California. Of the approximately 8 billion dollars of total assets owned by the twenty major oil companies, over 60% was concentrated in the first five major oil companies.

The average annual earnings of the twenty major oil companies for the 15-year period from 1924-1938 amounted to approximately 283.2 million dollars. This was equal to 8.9% of the par or stated value of common stock outstanding, and was equal to 5.6% of the book value of common stock outstanding (par or stated value plus surplus). During this period, approximately 70% of the net earnings applicable to common stock was paid out in dividends and the remaining 30% was retained in the business.

The dividends paid by the major oil companies during 1924-1938 averaged 6.3% annually of the par or stated value of common stock outstanding, and averaged 4% annually of the book value of common stock outstanding.

* * * * *

Important as these facts may be, I believe, however, that this Committee is interested in the broad issues presented by the data furnished by the oil companies and I would like to discuss these broad issues with you in some detail.

This Committee is charged with the responsibility of studying the concentration of economic wealth and power; and to determine, when concentration does exist in an industry, whether such wealth or power is being used efficiently and in the public interest.

¹ The twenty major oil companies listed in the order of their total assets as of December 31, 1938, with the States and dates of incorporation follow. The names of the companies are their present legal names, as reported to the Temporary National Economic Committee.

Name of Company	State of Incorporation	Date of Incorporation
1. Standard Oil Company.....	New Jersey.....	August 5, 1882.
2. Socony-Vacuum Oil Company, Inc.....	New York.....	August 10, 1882.
3. Standard Oil Company.....	Indiana.....	June 18, 1889.
4. The Texas Corporation.....	Delaware.....	August 28, 1926.
5. Standard Oil Co. of California.....	Delaware.....	January 27, 1926.
6. Gulf Oil Corporation.....	Pennsylvania.....	August 9, 1922.
7. Cities Service Company.....	Delaware.....	September 2, 1910.
Arkansas Fuel Oil Company.....	West Virginia.....	March 7, 1912.
Cities Service Oil Company.....	Pennsylvania.....	September 15, 1916.
Empire Gas and Fuel Company.....	Delaware.....	June 12, 1919.
8. Shell Union Oil Corporation.....	Delaware.....	February 8, 1922.
9. Consolidated Oil Corporation.....	New York.....	September 23, 1919.
10. Phillips Petroleum Company.....	Delaware.....	June 13, 1917.
11. Tide Water Associated Oil Co.....	Delaware.....	March 5, 1926.
12. The Atlantic Refining Company.....	Pennsylvania.....	April 29, 1870.
13. The Pure Oil Company.....	Ohio.....	April 9, 1914.
14. Union Oil Company of California.....	California.....	October 17, 1890.
15. Sun Oil Company.....	New Jersey.....	May 2, 1901.
16. The Ohio Oil Company.....	Ohio.....	July 30, 1887.
17. Continental Oil Company.....	Delaware.....	October 8, 1920.
18. The Standard Oil Company.....	Ohio.....	January 10, 1870.
19. Mid-Continent Petroleum Corp.....	Delaware.....	July 9, 1917.
20. Skelly Oil Company.....	Delaware.....	August 20, 1919.

It has already been amply demonstrated in these hearings thus far, that within the petroleum industry there is concentration of economic wealth and power. Much of the petroleum industry is concentrated in the hands of the twenty large integrated major companies. One of these companies has total assets in excess of two billion dollars, and its annual volume of business is in excess of one billion dollars. The financial operations of this company, and of most of the other major oil companies, exceed those of many large municipalities and States in this country. The operations of many of the major oil companies are world-wide in scope.

Having determined that there is concentration of economic power and wealth, the next inquiry is whether such wealth or power has been used efficiently by those in control of the major oil companies, and whether such wealth or power has been used in the public interest. At the threshold of this inquiry, many obstacles are met.

It is almost impossible to determine the efficiency of the large corporations of today. Two factors are largely responsible for this situation: (1) liberal state corporation laws, and (2) flexible accounting policies and practices.

State corporation laws now in force and current accounting practices and policies make it comparatively simple for the management of a corporation to show earnings and to pay dividends notwithstanding the fact that, from an economic point of view, the corporation has been unsuccessful.

Under present state corporation laws dividends may be paid out of the capital contributed by stockholders rather than from earnings. Only a very few states require that dividends may be paid only from surplus arising from earnings. Thus, a steady dividend record of a corporation is not at all conclusive that the management has been successful.

Under present day accounting practices, management can bury certain current operating charges and operating expenses in the surplus account instead of charging the current income account; management can write up and write down assets at will; management can reduce or entirely eliminate certain depreciation and depletion charges. It follows, therefore, that a current profit of some kind can be reported even though there is actually a shrinkage in the investment of stockholders.

In view of the present corporation laws and current accounting practices, there can be no accurate determination of whether the management of a corporation was justified in buying or building plants, or in the acquisition of other companies. The stockholders of a corporation cannot properly appraise the management's action, nor can the public at large determine whether the expansion of large corporations by mergers and consolidations is justified and in the public interest.

Liberal corporation laws and flexible accounting policies, of course, do not obtain only in the oil industry. Similar conditions may be found in every large industry where corporations raise their funds by the sale of securities to the general public. But since the oil industry is dominated by giant corporations, which because of their size and importance to the national welfare may be regarded as somewhat quasi-public in nature, it seems fitting to discuss this subject in some detail in the present hearings.

One of the fruits of this investigation should be a detailed study of the limitations of the state corporation laws now in force, and the weaknesses of current accounting practices and policies.

Unless these deficiencies are corrected, it will be impossible to determine whether or not the concentration of the wealth of this country in the hands of the few managers of large corporations has been beneficial or detrimental to the public interest.

I shall now discuss what I consider to be some of the more important provisions in state corporation laws, and some of the current accounting practices and policies, which should merit serious consideration on the part of this Committee.

Restatement of Capital Stock and Revaluations of Assets

In the early days of the distribution of securities of large corporations among the public, investors placed much emphasis in their analysis of the affairs of corporations upon their net worth as reflected in balance sheets. At that time it was not uncommon for management, from time to time, to inflate artificially the net worth of corporations by arbitrarily writing up the book value of assets. This practice, known as "stock watering" has now greatly disappeared. It has been supplanted by a new practice which is more subtle and yet which has more far-reaching effects—the restatement of capital stock, and the write-down or revaluation of assets.

This change in strategy on the part of managers of large corporations has been occasioned by the change in the technique in investment analysis. While formerly, the emphasis was placed upon the net worth of a corporation, now the emphasis is placed on the earning record of a corporation. Seldom, if ever, do financial newspapers now report the book value per share of capital stock as represented by the balance sheets of a corporation. Emphasis is given now rather to the earnings per share. Seldom is mention made of the fact that in some cases the so-called earnings are not in fact earnings, and that actually the contributed capital of stockholders is being dissipated.

The practice of restating of capital stock is a comparatively simple procedure. The par of stated value of the capital stock of a corporation is reduced, and the amount of reduction transferred to surplus, sometimes designated as capital surplus. Against this surplus, assets are written off.

At first blush, this appears to be an innocent practice, and possibly one to be commended on the ground of conservatism. Actually, however, restatements of capital stock accompanied by revaluations of properties have the effect of portraying more favorable earning results in subsequent years because of the decrease in fixed charges such as depreciation, depletion, and amortization.

In many cases, the principal reason for the write-downs of assets is to obtain the favorable effect of reduction of depreciation, depletion, and amortization upon the earning statement. Thus, if the plant account is eliminated, future depreciation charges are also eliminated; if the plant account is reduced, future depreciation charges are also reduced. If oil wells are written down to one dollar, depletion charges in the future are eliminated.

The elimination or reduction of these fixed charges increases the reported earnings of the corporation and gives the appearance of an efficient and profitable corporation, when in fact the reverse may be true. It is at once apparent that the write-down of assets against so-called surplus created by the restatement of capital stock might easily be a vehicle for the distortion of operating results and a means whereby the management might perpetuate itself in office, notwithstanding the fact that management is misleading stockholders into believing that apparent earnings are true earnings.

This phenomenon is not clearly understood by the general public. While it is true that the restatements are preceded by notice to the stockholders and are accompanied by vote of stockholders, this process is generally a ritualistic procedure in the control of the management group.

Restatements of capital stock are quasi-reorganizations and the practical effect is the same as if a corporation had gone through receivership proceedings or bankruptcy proceedings. So far as I know, however, there is no State law in this country providing for review of any court of such a proceeding. In England, however, under the English Companies Act of 1929, it is provided that any reduction of share capital must be confirmed by a court.

This practice of restating capital stock has been indulged in since 1929 by at least eight of the twenty leading oil companies. These have included the following.

Name of Company:	State of Incorporation
Consolidated Oil Corporation.....	New York.
Continental Oil Company.....	Delaware.
Mid-Continent Petroleum Corporation.....	Delaware.
The Ohio Oil Company.....	Ohio.
The Pure Oil Company.....	Ohio.
Skelly Oil Company.....	Delaware.
Socony-Vacuum Oil Company, Inc.....	New York.
Tide Water Associated Oil Company.....	Delaware.

In addition to the above companies, the Cities Service Company, incorporated in Delaware (parent company of Empire Gas and Fuel Company) also restated its capital stock during the past year.

It is not to be implied that this practice is common only in the petroleum industry. In view of the fact, however, that the petroleum industry is one of the four largest industries of the country and is dominated by large corporations which raise their funds from the general public, it is no doubt fitting that this financial practice should receive the scrutiny of this committee at this time.

It will be noted that, of the nine corporations named above which have restated their capital stock, five were incorporated in the state of Delaware. This Committee, therefore, may wish to consider the role played by present state corpora-

tion laws in the concentration of economic wealth and power. While, in fact, there is now no federal incorporation law, there is for all practical purposes a kind of national incorporation law since the provisions of corporation laws of such states as Delaware set the pattern which is followed by other states.

Some of the companies have engaged in both the practice of stock watering when it was the custom to follow that practice and have now changed to the current practice of restatement of capital stock.

This Committee's questionnaire asked the oil companies to explain any restatements of capital stock during the period from January 1, 1929 to December 31, 1938. The replies received by the Committee are tabulated below.

Pure Oil Company.—The Pure Oil Company explained the restatement of capital stock in 1932 as follows:

"On June 4, 1932, the shareholders of the reporting company authorized a change in its common shares from shares of a par value of \$25 each to an equal number of no par value shares with an assigned value of \$10 each. The reduction of \$15 per share applicable to the outstanding common shares aggregated \$45,575,550 which amount was credited to paid-in surplus. Concurrently, the board of directors authorized a charge to paid-in surplus in the amount of \$28,083,742.59 in connection with the revaluation of the Company's properties."

At the meeting of June 4, 1932 at which the above restatement was voted, stockholders were represented as follows:

11,173 shares voted by stockholders in person.
3,180,395 shares voted by proxy exercised by officers.

Continental Oil Company.—The Continental Oil Company also restated its capital stock. In this connection it reported to the Temporary National Economic Committee as follows:

"As of October 31, 1932, the officers and others of the personnel of the Company, working in conjunction with members of the staff of the Company's auditors, Messrs. Arthur Young & Company, New York, made an appraisal of the properties and investments of Continental Oil Company and subsidiary companies. The results thereof were reviewed by the Board of Directors, who approved, and submitted to the stockholders for their approval, a revaluation of assets and reserves resulting in a net reduction of \$61,409,120.50.

"The stockholders of the Company, at their annual meeting held May 9, 1933, approved the revaluation, and at the same time approved a plan for the revision of the capital structure of the Company through a reduction of capital and a change from shares of no par value to the par value of \$5 each, resulting in a charge to Paid-in Capital and a credit to Capital Surplus in the amount of \$105,153,900.81. Against this Capital Surplus there was charged the above amount of \$61,409,120.50 and the accumulated Earned Surplus (Deficit) as of December 31, 1932, of \$13,693,333.95."

It will be noted that, as a result of the revision of the Capital structure of the Company, a deficit of \$13,693,333.95 was eliminated.

At the meeting of May 9, 1933 at which the above restatement was voted, stockholders were represented as follows:

543 shares voted by stockholders in person.
2,681,124 shares voted by proxy exercised by officers.

The Consolidated Oil Corporation restated its capital stock as of January 31, 1932. It reported to the Temporary National Economic Committee as follows:

"As at January 31, 1932 the accounts of the reporting company gave effect to a restatement of capital which involved the transfer of Capital Surplus of the amount by which the stated equity of its outstanding Common Stock without par value exceeded the nominal value of \$5 per share. Such restatement was approved by the stockholders of the reporting company at a special meeting held on March 1, 1932.

"Common Stock stated equity account per Company's books at January 31, 1932 (prior to restatement of capital) represented by 6,107,403 shares of company's common stock----- \$251, 315, 390
Restatement at nominal value of \$5, per share----- 30, 537, 015

Balance credited to Capital Surplus----- 220, 778, 375

"The purpose of such restatement at January 31, 1932, was that Capital Surplus might be created to enable the directors of the reporting company to apply so much thereof as they might deem advisable to writing down the valuation of certain assets to values more nearly conforming to then existing economic conditions."

At the meeting of January 31, 1932, at which the above restatement of capital stock was authorized, the stockholders were represented as follows:

5,673 shares voted in person.
4,746,695 shares voted by proxy exercised by the management.
1,827 shares voted by other proxies.

The Ohio Oil Company.—At the annual stockholders' meeting on May 23, 1935, the stated capital of The Ohio Oil Company represented by 6,648,052 outstanding shares of common stock without par value was reduced from \$100,000,000 to \$60,000,000 and capital surplus of \$40,000,000 was created. The Company reported to the Temporary National Economic Committee that, "the purpose of this restatement of capital stock was to create a capital surplus for corporate needs."

At the meeting of May 23, 1935 at which the above restatement was voted stockholders were represented as follows:

106,148 shares of common stock ---- } Voted by stockholders in person.
9,894 shares of preferred stock ---- }
4,661,602 shares of common stock -- } Voted by proxy exercised by officers.
440,686 shares of preferred stock --- }

Skelly Oil Company.—The Skelly Oil Company reported to the Temporary National Economic Committee as follows:

"On January 3, 1936, the stockholders authorized the reduction of the par value of the common stock of the reporting company from \$25 to \$15 per share, the reduction of the capital of the company by \$10 per share on the outstanding 1,008,548.6 shares of common stock resulting in the transfer of \$10,085,486 from capital stock to capital surplus; the application of \$4,940,351.39 out of capital surplus to eliminate the deficit of like amount in earned surplus (deficit) as of September 30, 1935.

"The purpose of this restatement of capital stock was to provide capital surplus out of which could be applied to earned surplus (deficit) as of September 30, 1935, an amount sufficient to eliminate the latter."

It is to be noted that, as a result of the restatement of capital stock, a deficit of \$4,940,351.39 was eliminated.

At the meeting of the stockholders of January 3, 1936 at which the restatement was approved, stockholders were represented as follows:

760,177 shares voted by officers and directors as proxy.

Socony-Vacuum Oil Company, Incorporated.—On May 31, 1934, the Socony-Vacuum Oil Co., Inc. reduced the par value of the outstanding capital stock from \$25 to \$15 per shares. The effect was a transfer of \$317,024,940 from capital stock to capital surplus. The Company reported to the Temporary National Economic Committee: "The purpose of the reduction was to create capital surplus against which to charge off goodwill and appreciation of properties." Against the capital surplus created there was written off the sum of \$228,123,580.68 representing goodwill and appreciation of properties.

At the meeting of the stockholders of May 31, 1934, at which the restatement was approved, stockholders were represented as follows in the voting at that meeting:

	Shares voted by stock- holders in person	Shares voted by proxy exer- cised by other than company officers and directors	Shares voted by proxy exer- cised by com- pany officers and directors
Election of officers.....	38,070	26,323	22,990,178
Proposition No. 1.....	38,632	26,323	22,986,105
Proposition No. 2.....	38,156	19,258	22,985,438
Proposition No. 3.....	37,374	7,225	22,981,855

It is to be noted that the restatement in the case of Socony-Vacuum Oil Company, Inc. occurred subsequent to the merger of the Standard Oil Company of New York and the Vacuum Oil Company. It is a fair inference that apparently the merger had been consummated on an inflated basis and thus, it was necessary to write off approximately a quarter of a billion dollars soon after the merger in order to show favorable operating results in the future.

This has much significance to your Committee. Since mergers and consolidations are generally accomplished by exchange of securities, there is no realistic deterrent to the amount that is paid for the acquisition of other companies, particularly when a few years later the properties can be written down at the will of the management.

Tide Water Associated Oil Company.—On May 5, 1932, Tide Water Associated Oil Company restated the book value of its common stock to \$10 per share which created a capital surplus of \$34,097,880. At the same time, the company revalued its assets and wrote off unrecoverable and intangible items in the sum of \$34,097,880. This adjustment fully absorbed the capital surplus created by the restatement.

At the meeting of the stockholders of May 5, 1932, at which the above restatement was approved, stockholders were represented as follows:

34,407 shares voted by stockholders in person.

3,895,716 shares voted by proxy by company officers and directors (Management Proxy Committee).

Mid-Continent Petroleum Corporation.—On May 2, 1934, Mid-Continent Petroleum Corporation reduced its capital represented by its outstanding capital stock from \$55,272,301 to \$18,579,120 and changed the par value of its shares from no par to \$10 par. The amount of the reduction (\$23,749,452) was transferred from the capital stock account to the capital surplus account. The directors were authorized to appraise the assets of the company and to charge any excess of book values over the values so determined against the capital surplus.

This company did not answer the Committee's questionnaire, and hence it is not known how stockholders were represented at the meeting of May 2, 1934.

Cities Service Company.—The experience of Cities Service Company (Delaware), parent company of Empire Gas & Fuel Company is summarized as follows in a report to the Temporary National Economic Committee:

"On April 26, 1938, as of December 31, 1937, Cities Service Company restated the value of 37,455,670 Common shares of No Par Value, having an aggregate stated value of \$187,278,350.00, by reducing the same to 3,745,567 shares each of the par value of \$10.00 with an aggregate par value of \$37,455,670.00. The reduction amounting to \$149,822,680 was recorded on the books of the Company by charging Capital Stock \$149,822,680 and crediting Capital Surplus in like amount.

By resolution of the stockholders of Company adopted on April 26, 1938, the Board of Directors was authorized and empowered to make or cause to be made appropriate charges against the capital surplus of Cities Service Company to enable the following action to be taken:

(a) the elimination from its corporate balance sheet of Cities Service Company's interest in the undistributed surpluses of its subsidiary companies, now carried as an asset;

(b) reduction to the extent that may be deemed appropriate of the carrying value of investments in and advances to subsidiaries or the setting up of a reserve therefor;

(c) setting up of a reserve against accrued undeclared dividends on the preferred and preference stocks of Cities Service Company; and

(d) provision for other adjustments and contingencies."

The Changing Concept of Surplus of Corporations

This Committee, in considering the concentration of economic wealth and power, should give some consideration to the changing concept of the surplus of corporations, both from a legal and accounting standpoint. Traditionally at least the surplus of a corporation was considered to consist of the accumulated earnings of the corporation which had not been disbursed as dividends. This concept is gradually disappearing.

Now there are many mongrel types of surplus, and surplus does not necessarily represent accumulated earnings. Sometimes surplus other than true surplus is

given a distinctive title, such as paid-in surplus, capital surplus, or appraisal surplus, but this practice is not always followed. While paid-in surplus, capital surplus, and appraisal surplus do not represent earnings, they are nevertheless all available for dividends under the laws of many states.

Many of the present state corporation laws now provide that upon the issuance of capital stock, the directors may allocate a part of the proceeds received to paid-in surplus. But many of the laws place no restrictions whatsoever on the use of paid-in surplus, and such surplus is immediately available for the payment of dividends. Thus the moment after a corporation receives the proceeds of the sale of its capital stock it may start to pay dividends even though it has transacted no business whatsoever, and has not earned a single dollar. Or, a corporation may acquire the business of another corporation by the issuance of stock; the directors within their uncontrolled discretion may allocate a portion of the book amount of the stock so issued to paid-in surplus; and immediately pay dividends without having to wait for any earnings to accrue.

Here then is a legal provision which is of invaluable assistance to the management of a corporation that wishes to keep itself in office. It can maintain a steady and possibly liberal dividend policy, and the unsuspecting stockholder is lulled into security by successive dividend checks not realizing that in some cases he is merely receiving a part of his original investment.

This loophole in the corporation laws of today is of significance to your Committee in studying the concentration of economic wealth and power. While the growth of large corporations may not of itself be detrimental to the public interest, the possibility that these corporations may be managed by inefficient or self-seeking groups is of concern to the public. If directors are trustees of funds of the public, there must be adequate standards established in the corporation laws. This potentiality of abuse should be eliminated.

In connection with the hearings on the petroleum industry, this Committee requested the major oil companies to indicate whether during the period 1929-1938, they had issued any original issue of capital stock and had credited to surplus any of the proceeds of the issuance of that stock. Nine of the eighteen reporting major oil companies replied that they had. These companies are listed below:

- Cities Service Company.
- Consolidated Oil Corporation.
- Pure Oil Company.
- Socony-Vacuum Oil Company, Incorporated.
- Standard Oil Company (Indiana).
- Standard Oil Company (New Jersey).
- Standard Oil Company (Ohio).
- The Texas Company.
- Union Oil Company of California.

The detailed answers of the above companies are included in Appendix I. Some of the replies received are summarized as follows:

During the period 1929-1938, Cities Service Company (Delaware) credited to capital surplus over \$70,000,000 upon the issuance of capital stock.

Consolidated Oil Corporation, in connection with the acquisition of the assets and business of the Prairie Oil and Gas Company and the Prairie Pipe Line Company, recorded the properties acquired on its books at a value of approximately \$136,000,000. While only \$40,500,000 was credited to capital stock, over \$96,000,000 was placed in the capital surplus account.

Pure Oil Company credited to surplus the sum of \$4,718,000 in connection with the issuance of common stock during the period 1936-1937.

Standard Oil Company (Indiana) during the period 1929-1938, issued stock of the par value of approximately \$195,000,000. In connection with the issuance of this stock, there was credited to capital surplus approximately \$88,000,000. The largest portion of this amount arose in connection with the issuance of stock in exchange for Pan American Petroleum and Transport Company stock in 1929 and 1930. At the time of that transaction there was credited to capital surplus approximately \$72,000,000.

The Standard Oil Company (New Jersey), during the period 1929-1938, issued slightly more than 2,000,000 shares of its common stock. Of the proceeds of these shares, approximately \$53,000,000 was credited to the capital stock account and \$47,000,000 to capital surplus.

In 1931, Standard Oil Company (Ohio) issued 62,639 shares common stock to acquire the preferred stock of Ajax Corporation. In connection with the issuance of this stock, there was credited to surplus \$3,760,219. In the same year, there was issued 124,028 shares to acquire the assets of Refiners Oil Company. At the time of this transaction there was credited to surplus the sum of \$7,445,400.

The Texas Corporation in 1929 issued 1,404,210 shares of common stock. In connection with the issuance of this stock, there was credited to the capital surplus account \$21,063,150. In 1937, the Texas Corporation issued 1,534,999 shares of common stock. In connection with this transaction there was credited to the capital surplus account \$23,043,735.

The Union Oil Company of California in 1929 and 1930 issued 379,093 shares of common stock. Surplus was credited with the difference between the sale price of the stock which was \$35 per share and the par value of the common stock, which was \$25 per share. In the aggregate, surplus was credited in the sum of \$3,799,930.

In considering the liberal provisions of state corporation laws with respect to surplus, this Committee should also give some attention to the flexible accounting policies in connection with surplus. Many corporations are able to maintain an appearance of relative stability in current earnings by using the surplus account as a convenient "dumping ground" for so-called adjustment and extraordinary charges. Thus, it is a comparatively simple matter to divert current charges from the current income account and through the back door to the surplus account.

It is not to be implied that the major oil companies were the originators of such a practice, or that the practice is only prevalent in the petroleum industry. It exists among many of the larger corporations, but since the practice does exist among the major oil companies, it is a fitting subject for review by this Committee at this time.

Theoretically, at least, the difference between the current earnings, of a company and the dividends paid during the year should represent the net increase or decrease in surplus. Actually such is not the case as may be determined by an examination of Tables 48 (a) to 48 (t) of Appendix I of Exhibit 1138 (volume VI No. 6 pp. 364-383) which compare the aggregate earnings, dividends and changes in surplus of each of the twenty major oil companies during the period 1929 to 1938. It will be noted from an examination of these Tables that in many years there were apparently substantial surplus adjustments which were not reflected through the current income account.

Some of these surplus adjustments are, no doubt, due to corrections of wrong calculations of profits or losses in earlier years. Notwithstanding this fact, some accounting authorities recommend that earnings and expenses omitted in previous years should be entered in the current income account of the year in which the error is discovered. This is recommended so that the sum of the earnings of successive years will show the total earnings. Under present practice it is very rare indeed to find a company in which the sum of its annual earnings as represented by the current earnings statement actually represent the total earnings for a period. Other accounting authorities also suggest that, if adjustments are necessary because of wrong calculation of profits or losses in earlier years, such adjustments should not be buried in the surplus account. Rather, the company should amend its previous financial reports to its stockholders, and submit comparative amended financial reports so that a stockholder may make a proper analysis of the earning record of the corporation.

The use of the surplus account to absorb so-called extraordinary charges can easily be used to present a favorable current earning record. Sometimes the net earnings are small, and the charges to surplus so large, that it would take little difference in opinion among accountants with respect to the propriety of certain surplus charges to tip the scales and turn a current profit into a loss.

Consider the case of Standard Oil Company (New Jersey) for example. It has shown a current net profit in each of the ten years from 1929 to 1938 inclusive. In 1932, however, it reported to its stockholders a net profit of only \$282,865 out of a gross operating income in excess of \$1,000,000,000. But, during the same year there were net surplus adjustments of over 21½ million dollars. If only a small portion of the items charged to surplus had been charged against the current income account, there would have been no net profit in that year, and a record of steady annual earnings would have been broken.

Accounting Practices and Policies

Accounting is a tool by which the efficiency of an enterprise may be determined. In the Petroleum Industry, there is no uniform method of accounting in general use. Although the American Petroleum Institute has published a uniform system of accounts, it is apparent that such a system has not been generally adopted by most of the larger companies in the industry.

Not only is there a lack of uniformity of accounting within the industry itself, but even individual companies have not maintained consistent accounting policies from year to year. Consequently, comparisons of financial data between companies within the industry and even comparisons of one company's financial reports of one year with those of another year can not be made on the same basis. Because of the great flexibility in accounting policies, it is difficult at times to ascertain how much of the reported profits are real and how much are due to accounting policies or methods; and whether a reported profit is actually a profit or whether it is in fact a loss. Since each company may determine for itself its own accounting policy, and it may vary this policy at will, earnings may be either over-stated or under-stated, depending upon the whims of a particular management or the expediencies of the moment.

It might be pointed out, however, that within the last few years some changes in accounting policies in the petroleum industry have been occasioned because of the general adoption of proration laws in many of the oil producing states. It was formerly the practice on the part of some oil companies to charge against current income all drilling costs incurred in connection with oil wells. Since proration, many of the companies capitalize these drilling charges and then amortize them over the estimated productive life of the oil wells. In some few cases this change in policy has had a substantial effect upon the operating results of the company.

Under the provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934, and under the regulations of the Securities and Exchange Commission, full disclosure must be made of substantial changes in accounting policies. This Committee might wish to consider, however, if this safeguard is sufficient under all circumstances. Possibly, the statutory authority of the Commission should be enlarged so as to enable that Commission to prescribe accounting methods and policies of companies under its jurisdiction.

To illustrate the effect of changing accounting policies upon the operating results of a company, certain excerpts are quoted from the annual reports of some of the major oil companies. These excerpts are not intended to be exhaustive but are merely illustrative of the effect of changing accounting policies.

EMPIRE GAS AND FUEL COMPANY

Annual Report for 1938.—Effective January 1, 1938, the companies adopted the policy (1) of including in income only dividends received from affiliated pipe line companies, instead of their proportion of the net income of such companies, (2) in the case of the subsidiary oil companies, of charging against operations leasehold development expense including lease rentals (formerly capitalized but reserved for in full through the provision for depletion) and dry hole losses and contributions, and (3) in the case of Indian Territory Illuminating Oil Company (a subsidiary) of providing for depletion of oil producing properties on an overall "per barrel" basis and for lease cancellations on a normal cancellation basis. These changes in accounting policy brought about a net increase of \$318,063.61 in the net income for the year 1938 in comparison with the result on the basis of the practice previously in effect.

SOCONY-VACUUM OIL COMPANY, INC.

Annual Report for 1937.—Effective January 1, 1936, the company's crude oil producing subsidiaries in the United States adopted the policy of capitalizing intangible development costs incurred after that date and amortizing them on a unit basis instead of charging them to income as expended. As a result of this change in accounting practice, the net income for the year 1937 is approximately \$9,280,000 greater than it would have been under the accounting practice followed prior to January 1, 1936. The charge for amortization of these intangible costs is \$1,536,738.75 greater in 1937 than in 1936 and as intangible development costs continue to be capitalized, the annual charge to income for amortization thereof will similarly increase in future years.

Effective January 1, 1937, the basis of depreciating all physical properties located in the United States (except certain equipment on producing properties which was amortized on a unit basis) was revised based on a detailed study by the management of the various classes of properties in various locations. The new provision for depreciation represents the proportion applicable to the year 1937 of the amount required to amortize the net depreciated book value of the various classes of property over the estimated remaining useful life thereof. As a result of this change in policy, the net income for the year 1937 is approximately \$2,500,000 greater than it would have been under the accounting practice heretofore followed.

TIDE WATER ASSOCIATED OIL COMPANY

Annual Report for 1935.—Intangible Drilling Costs: Investors frequently compare statistical and financial reports of petroleum companies. In appraising the net income reported for the year, it is important to know the policy of the reporting company regarding accounting for intangible drilling costs for the year under review as well as its policy prior thereto. Prior to the year 1931, a great majority of petroleum producing companies, Associated Oil Company and Tide Water Oil Company included, charged intangible drilling costs to expense. This method of accounting was adopted by the industry generally, inasmuch as current operations benefited materially from the initial large production secured from many of the new wells. However, curtailment of production of crude oil through proration programs and unit plans of operation, adopted about that time by various units of the petroleum industry, limited the current production of crude oil and deferred the normal recovery of oil reserves over a longer period of time. In these circumstances, charging intangible drilling costs to expense so unduly burdened current operations that a true picture was not presented to the stockholders. Your subsidiaries, accordingly, changed their policy of accounting for intangible drilling costs in the year 1931, as explained in the annual reports for that year, and since January 1, 1931, the entire cost of developing oil producing properties has been capitalized subject to an amortization charge on current production of oil through unit depreciation rates determined for individual properties by dividing the total computed economic oil reserves into total development costs. The immediate decrease in operating charges resulting from adoption of this policy is partly offset by additional depreciation charges.

No adjustment has been made on your Companies' books for intangible drilling costs charged to expense prior to January 1, 1931.

STANDARD OIL COMPANY (NEW JERSEY)

Annual Report for 1934.—Income Account: As the result of the revision in the chart of accounts and accounting procedure, in conformity with accepted principles of accounting, which became effective on January 1, 1934, the accounts for the year 1934 are not strictly comparable with those of previous years. The principal changes in the income account so far as they affect comparison for the years 1933 and 1934 are a reduction in depreciation rates by certain companies, the capitalization of leasing and exploration costs by certain companies, and a change in the basis of valuing inventories by certain companies. If the foregoing had been dealt with in 1934 as in 1933, the net income for 1934 would have been approximately \$8,000,000 less. Certain subsidiaries, as previously indicated, have been included for the first time in the consolidated accounts for 1934. The earnings of such companies amount approximately to \$2,000,000.

The increase in the item of non-operating income is largely due to the consolidation for the first time of the accounts of the Anglo-American Oil Company Limited and the receipt of an initial dividend from Standard-Vacuum Oil Company.

THE TEXAS COMPANY

Auditors' Certificate with Annual Report for 1934.—"In accordance with the action of the Board of Directors, the following changes in accounting procedures were effected for the year 1934.

"1. All inter-company and inter-departmental profits were eliminated from the book value of inventories, including profits taken on transportation and certain minor auxiliary operations which were not eliminated in the preceding year. The elimination of such items resulted in a reduction in the book value of inventories at December 31, 1933 of \$3,947,036.25 by a charge to earned

surplus of that amount, and a credit to profit and loss for the year 1934 of \$487,688.59.

"2. In 1934 the company included in profit and loss the unrealized profits and losses resulting from the conversion of the net current assets of foreign subsidiaries into United States dollars. In the preceding year the unrealized conversion profit of \$5,716,513.83 was credited to earned surplus. The net unrealized conversion loss for 1934 amounted to \$406,887.32.

"3. The net loss on property retirements (excess of depreciated value over salvage or realizable value, including dismantling and removal costs) amounting to \$1,870,336.84 for the year 1934 was charged to the reserve for depreciation. In the preceding year the retirement loss of \$1,918,969.09 was charged to profit and loss.

"4. As of January 1, 1934, the company adopted the policy of capitalizing labor and service costs of drilling producing wells and amortizing such costs on the basis of 8% per annum (the rate used in depreciating well casing). The amortization charge for 1934 amounted to \$116,827.48 and represents the amortization of drilling costs capitalized only for the year 1934, these costs having been charged to expense in prior years as incurred.

"If drilling costs had been charged to expense in 1934 as in prior years, the net profits would have been reduced \$2,578,094.40."

* * * * *

Representation at Stockholder's Meetings

The Temporary National Economic Committee, in an effort to determine the extent to which stockholders participated in stockholders' meetings, requested major oil companies to submit data in connection with all meetings of stockholders during the period from 1929-1938, showing the manner in which the stock was voted. The Committee requested that the companies report the number of shares of capital stock voted by stockholders in person; the number of shares of capital stock voted by proxy exercised by company officers and directors; the number of shares voted by proxy exercised by other than company officers and directors; and the total number of shares of stock voted by each officer and director at each meeting, both as to personal holdings and by proxy.

The detailed replies furnished by the 18 reporting major oil companies are included in Appendix II.

The replies received from the major oil companies indicate conclusively that the management participates practically alone at stockholders' meetings and that on the average stock represented at stockholders' meetings by persons other than the management represents less than one per cent of the total.

The replies also indicate, in the case of many of the major oil companies that it is the practice even among the officers and directors to give proxies on the stock owned by them to the Proxy Committee. Thus, it is apparent that for all practical purposes, large corporations are in the control of the management group with no interference or supervision on the part of the great body of stockholders.

This fact, no doubt, has a serious bearing on the study which this Committee is making, on the concentration of economic wealth and power in the hands of the few managers of large corporations.

Compensation of Officers and Directors

Related to the problem of the control of large corporations on the part of the management group, who generally have a relatively small proportion of the total investment in the corporations, is the question: How does the management benefit from the operation of the corporations in comparison with the benefits received by the stockholders themselves?

In an effort to ascertain a comparison of the compensation paid to the management group of the major oil companies, with the net earnings applicable to common stock, and dividends paid on common stock, the Temporary National Economic Committee submitted questionnaires to the twenty major oil companies asking for the total compensation paid to all officers and directors of the parent company and its subsidiaries during the period, 1929-1938.

Seventeen of the major oil companies furnished the data. Of the three companies that did not furnish any data, two of them, Standard Oil Company of California and Mid-Continent Petroleum Corporation, did not reply to the Committee's questionnaire. The third Company, Tide Water Associated Oil Company, indicated that it was assembling the data and asked for a clarification of

certain items of the questionnaire, but at the time of this report it had not sent its reply to the Committee.

Comparison of the compensation paid to officers and directors with the net earnings applicable to common stock and with dividends paid on common stock are shown in the accompanying Tables A to Q. inclusive.

From an analysis of the comparisons, certain generalizations can be drawn.

- (1) Compensation paid to the management group does not fluctuate in direct proportion to either the net earnings applicable to the stock holders or the dividends paid to the common stockholders;
- (2) Compensation paid to the officers and directors are more stable, and do not fluctuate as widely as either net earnings, or common stock dividends.
- (3) In 1938 the trend of compensation paid to officers and directors was generally on a higher level than that of 1929, while the net earnings were on a lower level than that of the earnings of 1929.

A summary of the comparison of 1938 with 1929 for each of the seventeen reporting major oil companies follows:

The Atlantic Refining Company.—Net earnings applicable to common stock in 1938 were 22.3% of those for 1929; dividends on common stock in 1938 equaled 53.2% of the dividends paid in 1929; while compensation to officers and directors in 1938 equaled 92.4% of the compensation paid in 1929.

Consolidated Oil Corporation.—Net earnings applicable to common stock in 1938 were 48.7% of those for 1929; dividends on common stock in 1938 equaled 75.0% of the dividends paid in 1929; while compensation to officers and directors in 1938 equaled 137.7% of the compensation paid in 1929.

Continental Oil Company.—Net earnings applicable to common stock in 1938 were 56.7% of those for 1929; dividends paid on common stock in 1938 were \$4,682,387, in 1929 no dividends were paid on common stock; compensation to officers and directors in 1938 equaled 55.4% of the compensation paid in 1929.

Empire Gas and Fuel Company.—Net earnings applicable to common stock in 1938 were 25.6% of those for 1929; no dividends on common stock were paid in 1938, while dividends paid in 1929 amounted to \$4,500,000; however, compensation to officers and directors in 1938 equaled 141.6% of the compensation paid in 1929.

Gulf Oil Corporation.—Net earnings applicable to common stock in 1938 were 29.2% of those for 1929; dividends on common stock in 1938 equaled 134.0% of the dividends paid in 1929; while compensation to officers and directors in 1938 equaled 180.6% of the compensation paid in 1929.

The Ohio Oil Company.—Net earnings applicable to common stock in 1938 were 13.0% of those for 1929; dividends on common stock for 1938 equaled 20.0% of the dividends paid in 1929; while compensation to officers and directors in 1938 equaled 158.1% of the compensation paid in 1929.

Phillips Petroleum Company.—Net earnings applicable to common stock in 1938 were 68.2% of those for 1929; cash and stock dividends on common stock in 1938 equaled 103.9% of the combined dividends paid in 1929;¹ while compensation to officers and directors in 1938 equaled 183.9% of the compensation paid in 1929.

The Pure Oil Company.—Net earnings applicable to common stock in 1938 were 16.1% of those for 1929; no dividends were paid on common stock in 1938, while dividends paid in 1929 amounted to \$2,278,870. However, compensation to officers and directors in 1938 equaled 63.5% of the compensation paid in 1929.

Shell Union Oil Corporation.—Net earnings applicable to common stock in 1938 were 57.0% of those for 1929; dividends on common stock in 1938 equaled 50.0% of the dividends paid in 1929; while compensation to officers and directors in 1938 equaled 140.6% of the compensation paid in 1929.

Skelly Oil Company.—Net earnings applicable to common stock in 1938 were 37.9% of those for 1929; dividends on common stock in 1938 equaled 46% of the dividends paid in 1929; while compensation to officers and directors in 1938 equaled 91% of the compensation paid in 1929.

Socony-Vacuum Oil Company, Incorporated.—Net earnings applicable to common stock in 1938 were 103.4% of those for 1929; dividends on common stock in 1938 equaled 56.1% of the dividends paid in 1929; while compensation to officers and directors in 1938 equaled 147.4% of the compensation paid in 1929.

¹ In 1929, a stock dividend was also paid in addition to a cash dividend.

Standard Oil Company (Indiana).—Net earnings applicable to common stock in 1938 were 35.4% of those for 1929; dividends on common stock in 1938 equaled 9.3% of the combined dividends paid in 1929;¹ while compensation to officers and directors in 1938 equaled 81.0% of the compensation paid in 1929.

Standard Oil Company (New Jersey).—Net earnings applicable to common stock in 1938 were 62.9% of those for 1929; combined dividends on common stock for 1938² equaled 107.7% of the dividends paid in 1929; while compensation to officers and directors in 1938 equaled 68.5% of the compensation paid in 1929.

Standard Oil Company (Ohio).—Net earnings applicable to common stock in 1938 were 37.8% of those for 1929; dividends on common stock for 1938 equaled 53.8% of the dividends paid in 1929; while compensation to officers and directors in 1938 equaled 119.9% of the compensation paid in 1929.

Sun Oil Company.—Net earnings applicable to common stock in 1938 were 31.6% of those for 1929; dividends on common stock for 1938 equaled 43.9% of the combined dividends paid in 1929;³ while compensation to officers and directors in 1938 equaled 194.3% of the compensation paid in 1929.

The Texas Corporation.—Net earnings applicable to common stock in 1938 were 47.8% of those for 1929; dividends on common stock for 1938 equaled 76.3% of the dividends paid in 1929; while compensation to officers and directors in 1938 equaled 89.8% of the compensation paid in 1929.

Union Oil Company of California.—Net earnings applicable to common stock in 1938 were 46.0% of those for 1929; dividends on common stock for 1938 equaled 62.0% of the combined dividends paid in 1929;⁴ while compensation to officers and directors in 1938 equaled 94.4% of the compensation paid in 1929.

Employee Participation Plans

Seven of the seventeen reporting major oil companies stated that they had bonus or profit sharing plans in which the management group during the period 1929-1938. Some of the plans were not exclusively for the management group, but were available to all employees of a certain classification whether or not they were part of the management group. These seven companies include the following: Continental Oil Company, Gulf Oil Corporation, Pure Oil Company, Shell Union Oil Corporation, Standard Oil Company (New Jersey), Sun Oil Company, and The Texas Corporation.

Standard Oil Company (Indiana) maintains an employee stock purchasing plan which it does not consider a profit sharing plan.

Explanation of the various bonus or profit sharing plans as reported to this Committee follow:

Continental Oil Company.—This Company had additional compensation plans during 1936 and 1937. These plans were described by the Company as follows:

"Plan for 1936.—On December 15, 1936, additional compensation was paid to officers and employees as follows:

"(a) Each permanent employee having been employed one year or longer on December 1, 1936 received an amount equal to one-half month's salary, if on a salary basis, and an amount equal to fourteen days' pay, if on a daily wage basis.

"(b) Each permanent employee having been employed less than one year on December 1, 1936 received an amount equal to one-quarter month's salary, if on a salary basis, and seven days' pay, if on a daily wage basis."

"Plan for 1937.—The bonus or additional compensation plan for 1937 provided that if the consolidated net earnings for the twelve months' period ending October 31, 1937 should equal or exceed \$7,500,000, a fund equal to the following percentages of the net earnings would be set aside for the payment of such compensation:

"(a) 4% if the net earnings were \$7,500,000 or more but did not exceed \$10,500,000.

"(b) 5% if the net earnings were \$10,500,000 or more but did not exceed \$13,500,000.

"(c) 6% if the net earnings were \$13,500,000 or more.

"Each eligible officer and employee received, as additional compensation from the fund so created, that percentage of the salary or wages earned by him during the twelve months ended October 31, 1937, which the fund bore to the total payroll for the same period."

Gulf Oil Corporation.—Gulf Oil Corporation maintains as incentive compensation plan. This plan "is to afford those engaged in the service of the Gulf Oil

¹ In 1929, a stock dividend was also paid in addition to a cash dividend.

² In 1938, a stock dividend was paid in addition to a cash dividend.

Corporation and its domestic subsidiaries a participation in profits in excess of specified earnings on the shares of the Corporation, as additional incentive to further efforts on their respective parts in the advancement of the business of the Corporation."

Directors as such do not participate in the Fund but any active officers who are also Directors may participate in the fund.

The employees who are to participate in the Fund and the amounts of their respective participation in each year are determined by the Chairman of the Board of Directors, if he is not a participant, and if he is a participant, then by a committee of the Board of Directors appointed by the Board, no member of which committee is entitled to participate in the Fund.

The Company's explanation of the Fund in part is as follows:

"At the end of each fiscal year, (which is the calendar year, hereinafter referred to as the year), the Consolidated Net income of the Corporation and its subsidiaries, before the deduction of any amount allocated to the Incentive Compensation Fund, shall be determined by the public accountants who audit the Corporation's books. Such Consolidated Net Earnings shall be determined after deducting all charges, including provisions for depletion, depreciation, amortization, interest and reserves for all taxes, including federal income and excess profits taxes.

"In determining the amount of such Consolidated Net Income, the public accountants shall exclude, to the extent that a committee of Directors, who are not participants, shall in its discretion deem proper, the whole or any part of any item of unusual or non-recurring income or loss not arising in the ordinary course of the Corporation's business, or shall assign such non-recurring income or loss in part to the current year and the balance to subsequent years, as the Committee may direct.

"From the Consolidated Net Income so determined there shall be further deducted an amount equal to \$1.50 per share on each share of the common stock of the Corporation outstanding at the beginning of the year, with proportionate adjustment, as below provided, in the case of share issued for a consideration during such year, and the resulting balance so obtained shall be regarded, for the purposes of this Plan, as the Surplus Net Income for the year.

"Out of such Surplus Net Income there shall be paid into the Incentive Compensation Fund the following amounts:

"\$.15 on the dollar of the first \$1.50 per share of such Surplus Net Income;

"\$.10 on the dollar of the next \$1.00 per share of such Surplus Net Income;

"\$.05 on the dollar of the next \$1.00 per share and each succeeding \$1.00 per share of such Surplus Net Income; or the proportionate amount of any fraction of a dollar;

"In the event of the issuance for a consideration of additional common shares during any year, the amount to be deducted from Consolidated Net Income before computing the amount to be paid into the Incentive Compensation Fund shall be increased at the rate of \$1.50 per share per year on such additional shares for such portion of the year as such shares shall be outstanding. In the event of stock dividends or a split-up of common shares without payment of consideration to the Corporation, the aggregate amount to be deducted shall not thereby be increased.

"The amount to be paid into the Fund shall be computed and reported to the Board of Directors, by the public accountants who audit the Corporation's books and shall be paid into such Fund promptly upon being determined. The Board of Directors shall be fully protected in relying upon any report made to them by such accountants.

"To the extent that persons in the employ of subsidiaries shall be designated as participants in the Incentive Compensation Fund, it is contemplated that the respective subsidiary will be charged with the total of their participations, and the Fund credited accordingly."

In addition the Company has stock purchase plans for employees.

Pure Oil Company.—Pure Oil Company had an additional compensation plan which was authorized on October 30, 1928. The Company reported to the Temporary National Economic Committee that the year ending March 31, 1930 was the last year for which any additional compensation or bonus was distributed under

the plan. Copy of the resolution authorizing the plan as submitted to the Temporary National Economic Committee is as follows:

"Resolved, That in any fiscal year in which the company has divisible earnings equal to Four percent on the Common Stock, after all prior accruals and charges have been made, additional compensation is authorized to a total amount not in excess of Three per cent of the earnings of the Company for that year, after all taxes and interest charges have been met and before any charges for depletion and depreciation have been made provided, however, that said total disbursement shall not under this authority, in any one year, exceed Five percent of the total pay roll of the Pure Oil Company and such subsidiaries as are consolidated with it in its annual statement. This authority shall first apply to the fiscal year ending March 31, 1929."

"Be it Further Resolved, That in such years as the Company does not have divisible earnings equal to Four percent on the Common capital stock, additional compensation to an amount not to exceed \$50,000 may be distributed for especially meritorious service to executives, none of whose salaries exceed \$20,000 per annum."

Shell Union Oil Corporation.—Shell Union Oil Corporation maintains a Provident Fund plan which it described to the Temporary National Economic Committee as follows:

"Salaried officers of the Company do not receive remunerations as directors.

"The Company is a member of an organization known as 'Het Voorzieningsfonds der Verbonden Petroleum Maatschappijen' (Provident Fund of the Combined Petroleum Companies), domiciled at The Hague, Holland, and contributes currently for the account of each member of its staff who is also a member of the Provident Fund an amount equal to the amount paid into the Provident Fund by such member but not in excess of 10% of the salary paid to him, up to a maximum of approximately \$960. per annum, in accordance with the Regulations of the Provident Fund. Under such Regulations, the Company may also make, from time to time, further payments into the Provident Fund for the account of members of its staff who are members of the Provident Fund. All such contributions and payments are included in the above figures; however, payments thus made by the company for the account of any member of its staff who is a member of the Provident Fund cannot be withdrawn so long as such member is in the employ of the Company or of any other company whose employees are accredited members of such Provident Fund, except upon the conditions stated in said Regulations, and, upon termination of services, payment is made only to the extent and upon the terms set forth in said Regulations."

On January 1, 1938 the Corporation introduced a non-contributory pension plan under which the Corporation and its subsidiaries contribute currently amounts actuarially computed as being necessary to provide for pensions for employees upon retirement.

Standard Oil Company (New Jersey).—In submitting the total compensation paid to officers and Directors, Standard Oil (New Jersey) submitted the following comments:

"There has been included in the above figures by the companies whose separate figures make the above composite total contributions by those companies to the credit of their employees' accounts in certain Stock Acquisition Plans during the years 1929 to 1935 inclusive.

"There has been included in the above figures by the companies whose separate figures make the above composite total payments by those companies to the credit of their employees' accounts in certain Employees Thrift Plans during the years 1936 to 1938 inclusive. The figures include all payments by the companies to the Thrift Plans even though a portion of said payments was allotted to an insurance company toward the purchase of Group Annuity.

"There has been included in the above figures by the companies whose separate figures make the above composite total payments made under a Management Profit Sharing Plan approved by the stockholders. These payments were made during the years 1929 to 1931 inclusive, and in one instance a few payments were made in 1932. In the case of one of the companies whose payments are thus included, it has been impossible to separate

payments made to employees who are not officers or directors; therefore with respect to that company the total amount disbursed has been included.

The total amounts disbursed by that company were as follows:

1929-----	\$160, 000
1930-----	190, 000
1931-----	80, 000
1932-----	45, 000

"There has not been included in the above amounts any payments made by the companies whose payments make up the composite total in a Contributory Annuity Plan during the years 1932 to 1935 inclusive. These payments have been excluded because they were not credited to employees accounts but were placed in an annuity reserve on the basis of a certain percent of the payroll.

"Employees receive no vested right in these company contributions."

Sun Oil Company.—The profit-sharing plans of Sun Oil Company were summarized in its reply to the Temporary National Economic Committee as follows:

"In the years 1930 and 1931, and from 1934 to 1938, inclusive, the Sun Oil Company had in effect a profit sharing plan covering certain executives and employees in responsible positions. In this respect a sum equal to 5% of the income in excess of 7% of the invested capital for the year was set aside as extra compensation to be paid to the executives and employees determined as eligible by the officers of the company."

The Texas Corporation.—The Texas Corporation has maintained a Management's Participating Plan and an Efficiency Contribution Fund. These are explained as follows by the Company to the Temporary National Economic Committee:

Summary of Management's Participating Plan of the Texas Corporation

"The Texas Corporation adopted, effective for the years 1928 and 1929, a Management's Participating Plan as a reward for certain of the directors, officers and employees of its subsidiary companies who contributed to its success in a special degree by their industry, loyalty or special service by establishing a special trust fund in each of these two years consisting of 5% of the net earnings in excess of the 6% of the average invested capital of the corporation and its subsidiaries for each year. This fund was paid over to a trustee, selected by the Board of Directors, and was distributed as follows:

- a. 5% of the fund in cash to those members of the Executive Committee who were neither salaried officers nor employees of the corporation or any of its subsidiaries.
- b. 40% of the balance to such elected officers of The Texas Company as were selected. This distribution was made in stock of The Texas Corporation.
- c. The remainder of the fund was invested in stock of The Texas Corporation and this stock awarded to other officers and employees of The Texas Corporation or its subsidiaries as selected.

"This plan, by order of the Board of Directors was discontinued in December 1933, and was only in effect covering earnings for the years 1928 and 1929."

Summary of Efficiency Contribution Fund

"The Board of Directors of The Texas Company authorized the Operating Committee, consisting of the President, the Vice Presidents located in New York and the General Counsel, together with others who from time to time were designated as members, to distribute beginning with the year 1929, not exceeding \$100,000, to such employees as in the discretion of the committee should receive special consideration because of their contributions to greater efficiency.

"This amount was invested in stock of The Texas Corporation and distributed to employees in each of the years 1929 and 1930. There was one exception to the above, namely a payment of cash to one employee amounting to \$5,000.00. This plan was likewise discontinued by the Board of Directors in December 1933, and distributions were only made in the two years above named."

Standard Oil Company (Indiana).—This company maintained an Employees Stock Purchasing Plans which are described by the Company as follows to the Temporary National Economic Committee:

"During the period from April 1, 1921 to June 30, 1938, the Standard Oil Company had in effect five so-called Employees Stock Purchasing Plans, the First Plan was for five years, and the last four for three years each.

"* * * Under all Plans the Trustees could from time to time purchase stock from the Standard Oil Company at a price fixed by the Board of Directors of the Company as of January 1, and July 1, each year, which prices were substantially the average market price of the stock during the previous three months, provided, however, that in no case could the price be fixed below the par value of the stock. Price so fixed covered all purchases from the company during the ensuing six months. Effective April 27, 1931, the Third Plan was amended and the Fourth and Fifth Plans provided that the Trustees could purchase their requirements from the company at prices to be fixed as above provided, or at the option of the Trustees they could purchase their requirements in the open stock market at prices not to exceed that at which stock was sold in the open market.

"None of the Plans were ever considered to be 'profit-sharing', because they did not so operate. They were in the nature of an investment, with a definite speculative factor. In fact, the employees who participated throughout the Third and Fourth Plans found at the conclusion of each, that the market value of the stock obtained was not equivalent to the contributions made. This was not contemplated nor intended, but the unprecedented behavior of the stock market brought this result. The Fifth Plan was amended as mentioned above, to make this result far less probable, but none-the-less not impossible. None of the Plans were ever considered as 'remuneration' to the officers or directors, because the Plan was open to all employees complying with simple eligibility requirements, none of which requirements had anything to do with being an officer or director of the company.

"It will be noted that the Plans were also applicable to the employees of certain subsidiaries—subject always to the latter's approval by its directors and stockholders."

TABLE A.—*The Atlantic Refining Company and subsidiaries—Comparison of compensation paid to officers and directors, net earnings applicable to common stock, and dividends paid on common stock*

1929-1938

Year	Payments to Officers and Directors ¹		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100
1929.....	\$440,000	100.0	\$16,632,418	100.0	\$5,007,673	100.0
1930.....	432,500	98.3	2,742,688	16.3	5,386,300	107.6
1931.....	432,533	98.3	513,750	3.0	2,696,642	53.9
1932.....	357,754	81.3	3,918,021	23.5	2,696,642	53.9
1933.....	337,172	76.6	6,556,377	39.8	2,670,611	53.3
1934.....	419,500	95.3	5,512,105	33.1	2,666,428	53.2
1935.....	440,875	100.2	3,970,598	24.1	2,670,806	53.3
1936.....	429,000	97.5	6,898,872	41.6	3,335,500	66.6
1937.....	434,249	98.7	9,343,045	56.0	2,663,999	53.2
1938.....	406,500	92.4	3,718,659	22.3	2,663,999	53.2

¹ This includes officers and directors as of December 31st of each year.

TABLE B.—*Consolidated Oil Corporation and subsidiaries—Comparison of compensation paid to officers and directors, net earnings applicable to common stock, and dividends paid on common stock*

1929-1938

Year	Payments to Officers and Directors ¹		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100
1929.....	\$1,281,000	100.0	\$15,384,373	100.0	\$14,759,810	100.0
1930.....	1,342,000	104.8	10,874,776	70.8	9,898,379	67.1
1931.....	1,222,000	95.4	¹ (d) 23,353,313	151.9	¹ 1,496,749	10.1
1932.....	1,511,000	118.0	899,076	5.8	-----	-----
1933.....	1,563,000	122.0	(d) 727,172	4.6	-----	-----
1934.....	1,558,000	121.6	269,070	1.9	5,886,370	39.9
1935.....	1,655,000	129.2	10,380,907	67.5	3,495,088	23.7
1936.....	1,819,000	142.0	16,445,747	106.5	13,939,669	94.4
1937.....	1,815,000	141.7	20,630,004	133.1	12,522,036	84.8
1938.....	1,764,000	137.7	7,511,449	48.7	11,066,863	75.0

¹ Amounts shown are for thirteen month period, ending January 31, 1932.TABLE C.—*Continental Oil Company and subsidiaries—Comparison of compensation paid to officers and directors, net earnings applicable to common stock and dividends paid on common stock*

1929-1938

Year	Payments to Officers and Directors ¹		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100
1929.....	\$507,417	100.0	\$9,028,661	100.0	-----	(¹)
1930.....	350,525	69.1	255,598	3.3	-----	-----
1931.....	314,375	62.0	(d) 10,683,313	-118.9	-----	-----
1932.....	305,275	60.2	(d) 1,444,133	-15.6	-----	-----
1933.....	284,475	56.1	2,275,860	25.6	-----	-----
1934.....	318,408	62.8	4,865,358	54.4	\$2,341,275	-----
1935.....	253,417	49.9	8,813,561	97.8	4,097,150	-----
1936.....	² 267,368	52.7	9,612,597	106.7	5,853,023	-----
1937.....	² 289,665	57.1	13,948,460	154.4	7,023,590	-----
1938.....	281,036	55.4	5,139,755	56.7	4,652,337	-----

¹ No index numbers are furnished for dividends, since no dividends were paid in 1929.² Includes additional compensation paid under bonus and profit-sharing plans.TABLE D.—*Empire Gas & Fuel Company and subsidiaries—Comparison of compensation paid to officers and directors, net earnings applicable to common stock, and dividends paid on common stock*

1929-1938

Year	Payments to Officers and Directors ¹		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100
1929.....	\$199,249	100.0	¹ \$7,799,753	100.0	\$4,500,000	100.0
1930.....	195,309	98.5	¹ 12,470,696	160.3	6,000,000	133.3
1931.....	194,965	97.8	¹ (d) 3,973,911	-51.3	3,000,000	66.7
1932.....	172,595	86.6	¹ 1,578,004	20.5	-----	-----
1933.....	147,780	74.2	² 592,670	7.7	-----	-----
1934.....	143,750	74.7	² 2,461,188	32.1	-----	-----
1935.....	160,028	80.3	² 5,269,748	67.9	-----	-----
1936.....	166,292	83.5	² 2,306,115	29.5	-----	-----
1937.....	253,746	129.9	² 4,391,452	56.4	-----	-----
1938.....	282,110	141.6	² 2,027,414	25.6	-----	-----

¹ Represents net earnings applicable to common stock before minority interest.² No dividends paid on preferred stock. Hence earnings are subject to provision for accrued unpaid dividends on preferred stock.

TABLE E.—*Gulf Oil Corporation and subsidiaries—Comparison of compensation paid to officers and directors, net earnings applicable to common stock and dividends paid on common stock*

1929-1938

Year	Payments to Officers and Directors ¹		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100
1929.....	\$922, 175	100. 0	\$44, 489, 687	100. 0	\$6, 772, 847	100. 0
1930.....	921, 500	99. 9	10, 625, 252	23. 8	6, 787, 906	100. 2
1931.....	951, 050	103. 1	(d)23, 670, 052	-53. 3	6, 787, 904	100. 2
1932.....	¹ 970, 867	105. 3	2, 743, 492	6. 1	-----	-----
1933.....	1, 081, 050	117. 2	(d)11, 386, 387	-25. 6	-----	-----
1934.....	1, 121, 100	121. 6	2, 811, 183	6. 3	-----	-----
1935.....	² 1, 115, 863	121. 0	10, 551, 720	23. 8	-----	-----
1936.....	⁴ 1, 025, 529	111. 2	26, 356, 003	59. 3	³ 113, 452, 526	346. 3
1937.....	⁵ 1, 057, 574	114. 7	31, 854, 065	71. 7	6, 807, 151	100. 5
1938.....	⁶ 1, 665, 275	180. 6	13, 017, 076	29. 2	9, 076, 202	134. 0
					9, 076, 202	134. 0

¹ Plus 6,753 Shares of Gulf Stock through operation of the Second Stock Purchase Plan (approximately 2/3 of these shares were paid for by the contributions of persons receiving them) (40 Officers & Directors).

² Plus 92 Shares of Gulf Stock through operation of the Third Stock Purchase Plan. (These shares were distributed as the result of withdrawals from the Plan, and approximately 2/3 thereof were paid for by the contributions of the persons receiving them) (43 officers and directors).

³ Represents stock dividend of 100%.

⁴ Plus 271 Shares of Gulf Stock through operation of the Third Stock Purchase Plan. (These shares were distributed as the result of withdrawals from the Plan and approximately 2/3 thereof were paid by the contributions of the persons receiving them) (38 Officers & Directors).

⁵ Plus 20,758 Shares of Gulf Stock through operation of the Third Stock Purchase Plan. (Approximately 2/3 of these shares were paid for by the contributions of persons receiving them (38 Officers & Directors).

⁶ Including payments under Incentive Compensation Plan.

TABLE F.—*The Ohio Oil Company and subsidiaries—Comparison of compensation paid to officers and directors, net earnings applicable to common stock, and dividends paid on common stock*

1929-1938

Year	Payments to Officers and Directors		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100
1929.....	\$197, 680	100. 0	\$12, 347, 649	100. 0	\$6, 563, 441	100. 0
1930.....	263, 615	133. 4	8, 043, 454	65. 0	10, 420, 664	158. 8
1931.....	290, 150	146. 8	(d)8, 638, 359	-69. 9	1, 668, 953	25. 4
1932.....	303, 689	153. 6	3, 838, 404	30. 9	3, 296, 427	50. 2
1933.....	255, 269	144. 3	(d)3, 516, 368	-28. 5	-----	-----
1934.....	267, 869	135. 5	2, 070, 692	17. 1	2, 953, 496	45. 0
1935.....	267, 815	135. 5	2, 187, 071	17. 9	1, 969, 013	30. 0
1936.....	272, 191	137. 7	4, 593, 109	37. 4	3, 937, 916	60. 0
1937.....	291, 036	147. 2	8, 573, 645	69. 9	6, 563, 333	100. 0
1938.....	312, 510	158. 1	1, 645, 112	13. 0	1, 312, 675	20. 0

TABLE G.—*Phillips Petroleum Company and subsidiaries—Comparison of compensation paid to officers and directors, net earnings applicable to common stock, and dividends paid on common stock*

1929-1938

Year	Payments to Officers and Directors		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100 ¹
1929.....	\$288,490	100.0	\$13,212,592	100.0	{ ² \$4,579,425	100.0
1930.....	342,673	118.8	3,040,630	22.7	3,983,390	75.3
1931.....	325,732	112.9	(d) 5,576,409	-42.4	6,444,400	
1932.....	335,213	116.2	755,766	6.1		
1933.....	336,255	116.6	1,500,695	11.4		
1934.....	458,357	158.9	5,757,308	43.9	4,153,008	48.5
1935.....	450,474	156.1	13,421,703	101.5	5,188,780	60.6
1936.....	490,236	169.9	17,875,489	135.6	10,676,356	124.7
1937.....	536,802	186.1	24,113,874	182.6	12,234,882	142.9
1938.....	530,561	183.9	9,049,122	68.2	8,898,096	103.9

¹ Index based on combined cash and stock dividend.² Represents stock dividend.TABLE H.—*The Pure Oil Company and subsidiaries—Comparison of compensation paid to officers and directors, net earnings applicable to common stock and dividends paid on common stock*

1929-1938

Year	Payments to Officers and Directors		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100
1929.....	\$607,148	100.0	¹ \$9,228,450	100.0	¹ \$2,278,870	100.0
1930.....	537,424	88.5	¹ 4,603,433	49.5	¹ 4,557,721	220.0
1931.....	395,883	65.2	¹ 560,879	6.5	¹ 2,278,860	100.0
1932.....	375,174	61.8	(d) 1,415,198	-15.1		
1933.....	336,986	55.5	(d) 682,325	7.5		
1934.....	325,251	53.6	² (d) 884,872	-9.7		
1935.....	312,624	51.5	² 8,150,027	88.2		
1936.....	337,188	55.5	² 5,132,048	54.8		
1937.....	374,080	61.6	8,703,101	93.5	995,104	43.7
1938.....	385,320	63.5	1,529,965	16.1		

¹ Amounts shown are as of March 31st, as per annual reports to stockholders.² During 1934 and 1935, no dividends were declared on preferred stock. Earnings in 1934 and 1935 available for common stock, are without adjustment for accrued dividends on preferred stock. In 1936, dividends on preferred stock amounted to \$2,526,324.

TABLE I.—*Shell Union Oil Corporation and subsidiaries—Comparison of compensation paid to officers and directors, net earnings applicable to common stock, and dividends paid on common stock*

1929-1938

Year	Payments to Officers and Directors ¹		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100
1929.....	\$697,473	100.0	\$16,528,249	100.0	\$18,285,985	100.0
1930.....	734,545	105.3	(d) 7,295,574	-44.2	9,148,867	50.0
1931.....	745,535	106.9	(d) 27,008,310	-163.6	-----	-----
1932.....	598,682	85.8	(d) 4,288,496	-26.1	-----	-----
1933.....	641,364	92.0	(d) 5,250,291	-32.1	-----	-----
1934.....	736,930	105.7	(d) 949,111	-5.5	-----	-----
1935.....	728,722	104.5	6,812,835	41.2	-----	-----
1936.....	901,309	129.2	12,040,228	72.7	3,267,656	17.9
1937.....	969,061	138.9	18,789,517	113.9	13,070,625	71.5
1938.....	980,512	140.6	9,442,360	57.0	9,149,438	50.0

¹ Includes payments made under Provident Fund scheme.TABLE J.—*Skelly Oil Company and subsidiaries—Comparison of compensation paid to officers and directors, net earnings applicable to common stock, and dividends paid on common stock*

1929-1938

Year	Payments to Officers and Directors		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100
1929.....	\$143,930	100.0	\$5,786,490	100.0	\$2,165,305	100.0
1930.....	155,664	108.2	1,413,472	24.1	2,130,670	98.4
1931.....	117,219	81.4	(d) 2,296,810	-39.7	-----	-----
1932.....	139,395	96.8	(d) 674,507	-12.1	-----	-----
1933.....	145,930	101.4	(d) 820,534	-13.8	-----	-----
1934.....	174,276	121.1	713,577	12.1	-----	-----
1935.....	171,527	119.2	2,585,849	44.8	-----	-----
1936.....	169,823	118.0	2,562,965	44.8	-----	-----
1937.....	143,583	99.8	6,189,996	106.9	1,509,523	69.7
1938.....	130,952	91.0	2,160,380	37.9	995,349	46.0

TABLE K.—*Socony-Vacuum Oil Company, Inc., and subsidiaries—Comparison of compensation paid to officers and directors, net earnings applicable to common stock, and dividends paid on common stock*

1929-1938

Year	Payments to Officers and Directors		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100
1929.....	\$1,674,211	100.0	\$38,750,849	100.0	\$27,782,053	100.0
1930.....	2,000,023	119.5	140,246,198	103.6	28,501,379	102.6
1931.....	3,117,489	186.2	(d) 4,169,249	-10.8	43,312,172	155.9
1932.....	3,358,063	200.6	5,320,282	13.7	23,679,875	85.2
1933.....	3,120,482	186.4	22,545,461	58.0	10,829,272	39.0
1934.....	2,919,346	174.4	24,121,297	62.1	18,652,561	67.1
1935.....	2,377,575	142.0	22,525,892	58.0	9,345,442	33.6
1936.....	2,321,067	138.6	42,909,363	110.6	21,805,123	78.5
1937.....	2,335,955	139.5	56,808,264	146.4	24,920,857	89.7
1938.....	2,467,433	147.4	40,106,917	103.4	15,575,536	56.1

¹ Including a net profit of \$23,749,471.51 as per income statement on the sale of gas properties.

TABLE L.—Standard Oil Company (Indiana) and subsidiaries—Comparison of compensation paid to officers and directors, net earnings applicable to common stock, and dividends paid on common stock

1929-1938

Year	Payments to Officers and Directors		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100 ¹
1929.....	\$1,309,589	100.0	\$78,499,754	100.0	{ ² \$116,232,119 47,482,855	100.0
1930.....	1,235,395	94.3	46,371,438	59.1	41,607,033	25.4
1931.....	1,235,614	94.4	17,596,396	22.4	25,481,075	15.6
1932.....	1,013,387	77.4	16,558,282	21.1	16,478,699	10.1
1933.....	1,009,504	77.1	17,674,351	22.5	15,688,672	9.6
1934.....	1,004,663	76.7	18,949,680	24.1	15,371,229	9.4
1935.....	1,078,779	82.4	30,179,895	38.5	15,142,372	9.2
1936.....	1,065,076	81.3	46,883,448	59.7	36,418,793	22.2
1937.....	1,040,331	79.4	55,950,785	71.3	35,075,524	21.1
1938.....	1,061,325	81.0	27,771,975	35.4	15,271,269	9.3

¹ Index based on combined cash and stock dividend.² Stock dividend.

TABLE M.—Standard Oil Company (New Jersey) and subsidiaries—Comparison of compensation paid to officers and directors, net earnings applicable to common stock, and dividends paid on common stock

1929-1938

Year	Payments to Officers and Directors ¹		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100
1929.....	\$5,172,610	100.0	\$120,912,794	100.0	\$46,519,705	100.0
1930.....	5,387,945	104.2	42,150,663	34.9	50,929,686	109.5
1931.....	4,385,170	84.8	8,704,758	7.2	51,205,436	110.1
1932.....	3,683,262	71.2	282,865	0.2	50,628,442	108.8
1933.....	3,226,577	62.4	25,084,310	20.8	31,990,916	68.8
1934.....	3,092,917	59.8	45,618,960	37.7	31,940,882	68.7
1935.....	3,069,275	59.3	62,863,192	52.0	² 50,634,434	108.8
1936.....	3,390,106	65.5	97,774,583	80.9	52,421,683	112.7
1937.....	3,607,463	69.7	147,993,147	122.4	65,549,615	140.9
1938.....	3,541,483	68.5	76,053,170	62.9	{ ³ 10,815,686 39,329,769	23.2 84.5

¹ Includes Payments made under Stock Acquisition Plans, Employees Thrift Plans, and Management Profit Sharing Plans.² Dividend paid included \$18,329,913 paid in stock of Mission Corp. and \$32,304,521 paid in cash.³ Represents stock dividend.

TABLE N.—*Standard Oil Company (Ohio) and subsidiaries—Comparison of compensation paid to officers and directors, net earning applicable to common stock, and dividends paid on common stock*

1929-1938

Year	Payments to Officers and Directors ¹		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100
1929.....	\$187,000	100.0	\$3,709,740	100.0	\$1,400,000	100.0
1930.....	232,250	124.2	3,116,958	83.8	1,400,379	100.0
1931.....	267,958	143.3	1,759,173	48.6	1,867,600	133.4
1932.....	213,668	114.3	(d) 1,814,667	-48.6	1,503,242	107.4
1933.....	217,350	116.2	(d) 1,423,357	-37.8	-----	-----
1934.....	222,280	118.9	(d) 2,513,735	-67.6	-----	-----
1935.....	196,652	105.2	2,090,647	56.8	-----	-----
1936.....	201,710	107.9	3,594,314	97.3	1,507,480	107.7
1937.....	207,377	110.9	2,762,960	75.7	1,130,610	80.8
1938.....	224,300	119.9	1,364,605	37.8	753,740	53.8

TABLE O.—*Sun Oil Company and subsidiaries—Comparison of compensation paid to officers and directors, net earnings applicable to common stock, and dividends paid on common stock*

1929-1938

Year	Payments to Officers and Directors		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100 ¹
1929.....	\$330,964	100.0	\$7,942,537	100.0	{ ² \$3,968,282	{ 100.0
1930 ³	473,781	143.2	7,195,527	91.1	{ 1,298,607	{ 108.4
1931 ³	449,405	135.8	2,507,147	31.6	{ ² 4,296,627	{ 29.2
1932.....	488,783	147.7	3,598,947	45.6	{ 1,410,216	{ 58.8
1933.....	493,314	149.1	6,372,293	81.0	{ 1,535,912	{ 121.2
1934 ³	578,069	174.7	6,050,479	77.2	{ 1,560,658	{ 133.4
1935 ³	623,547	188.4	6,510,243	82.3	{ 1,535,582	{ 121.6
1936 ³	675,236	204.0	6,963,554	88.6	{ 4,807,162	{ 117.4
1937 ³	632,668	191.2	8,944,085	112.7	{ 1,576,506	{ 152.5
1938 ³	643,079	194.3	2,485,119	31.6	{ 5,301,784	{ 44.0

¹ Index based on combined cash and stock dividend.² Represents stock dividend.³ Profit sharing plans in effect in years indicated.

TABLE P.—*The Texas Corporation and subsidiaries—Comparison of compensation paid to officers and directors, net earnings applicable to common stock, and dividends paid on common stock*

1929-1938

Year	Payments to Officers and Directors		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100
1929 ¹	\$1,087,229	100.0	\$48,318,072	100.0	\$28,494,459	100.0
1930.....	1,158,246	106.5	15,073,303	31.3	29,553,211	103.7
1931.....	898,494	82.6	(d) 9,954,478	-20.7	22,165,214	77.8
1932.....	868,824	79.9	(d) 2,161,841	-4.6	9,851,261	34.6
1933.....	916,518	84.3	(d) 491,004	-1.0	9,335,885	32.8
1934.....	935,412	86.0	5,545,205	11.4	9,348,820	32.8
1935.....	933,602	89.9	17,065,037	35.4	9,339,861	32.8
1936.....	1,037,381	95.4	38,260,341	79.3	14,005,111	49.2
1937.....	1,093,893	100.6	54,574,319	113.0	26,419,972	92.7
1938.....	976,608	89.8	23,139,030	47.8	21,750,321	76.3

¹ During the year 1929, the Management's Participating Plan and the Efficiency Contribution Fund were in effect.

TABLE Q.—*Union Oil Company of California and subsidiaries—Comparison of compensation paid officers and directors, net earnings applicable to common stock and dividends paid on common stock*

1929-1938

Year	Payments to Officers and Directors		Net Earnings Applicable to Common Stock		Dividends Paid on Common Stock	
	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100	Amount	Index Nos. 1929=100 ¹
1929.....	\$314,475	100.0	\$15,019,636	100.0	{ \$1,044,279 7,986,339 }	100.0
1930.....	301,325	95.8	9,604,996	64.0	{ \$4,283,395 8,566,786 }	142.3
1931.....	267,203	85.0	\$3,054,913	20.7	8,772,140	97.1
1932.....	239,668	76.2	3,211,084	21.3	5,263,284	58.3
1933.....	208,065	66.2	1,954,279	13.3	4,386,070	48.6
1934.....	187,864	59.7	\$2,902,733	19.3	4,386,070	48.6
1935.....	177,944	56.6	5,038,286	33.3	4,386,070	48.6
1936.....	196,400	62.5	6,133,398	40.7	4,386,070	48.6
1937.....	202,600	64.4	12,061,332	80.0	6,465,338	71.6
1938.....	296,758	94.4	6,862,758	46.0	5,599,524	62.0

¹ Index based on combined cash and stock dividend.

² Stock dividend.

³ Subject to unrealized inventory loss and write-down.

⁴ Includes a non-recurring profit realized on the sale of the Company's one-half interest in the Union Atlantic Company.

EXHIBIT No. 1313

PART "A"—APPENDIX I

CITIES SERVICE COMPANY (DELAWARE)

Reply to Item 8 (a) of T. N. E. C. Questionnaire

a. Details of any original issue of capital stock indicating the purpose of each issue. (If any part of the proceeds was credited to surplus state such amount)

Year	Class of Stock	Purpose	Par or Stated Value Issued			Premium Credited to Capital Surplus
			Common	Preferred	5% Non-cumulative Stock	
1929	Common	Cash	\$30,465,850.00			\$84,873,775.00
	Common	Stock Dividends	7,559,483.82			
	Preferred	Cash		\$7,874,306.00		
	5% Non-Cumulative Stock	Exchange ¹		1,400.00	\$1,000,000.00	
1930	Common	Cash	1,414,500.00			
	Common	Stock Dividends	8,926,227.78			1,452,750.00
	Preferred	Exchange ¹		5,200.00		
1931	Common	Cash	13,823,400.40			
	Common	Property	1,612,310.23			
	Common	Stock Dividends	9,789,631.95			4,025,332.06
1932	Common	Cash	2,296,599.60			
	Common	Conversion of Liabilities	62,322.04			280,605.96
	Common	Stock Dividends	4,569,446.75			
	Preferred	Cash		3,500,000.00		
1933 to 1938	None Issued					
Total			80,524,772.57	11,350,906.00	1,000,000.00	70,637,483.02

¹ Preference "BB" stock exchanged for Preference "B" stock.

CONSOLIDATED OIL CORPORATION

Reply to Item 8 (a) of T. N. E. C. Questionnaire

Answer: (a) During the period January 1, 1929 to December 31, 1938 the reporting company issued Common Capital Stock and Preferred Stock Without Par Value in the amounts and for the purposes indicated in the following tabulation:

	Amount credited to Common Capital Stock or Preferred Stock Without Par Value		
	Number of Shares	Per Share	Amount
Common Capital Stock:			
Issued to Employees, for cash, under stock Subscription Plans.....	32,404	\$30.00	\$972,070.00
Issued in connection with the acquisition of the properties and business of Pierce Petroleum Corporation.....	700,000	30.00	21,000,000.00
Issued in connection with the acquisition of the assets and business of The Prairie Oil and Gas Company and The Prairie Pipe Line Company.....	8,111,432	¹ 5.00	40,557,160.00
Preferred Stock Without Par Value (designated as \$5 Cumulative Dividend Sinking Fund Preferred Stock Without Par Value):			
Issued in exchange for Preferred Stock of the Par Value of \$100, 8% Cumulative, of the reporting company, on the basis of 1.1 shares of such \$5 Preferred Stock for 1 share of such 8% Preferred Stock....	56,757.8	100.00	5,675,780.00

¹ The amount by which the value ascribed by the Board of Directors of the reporting company to the assets acquired upon issuance of these 8,111,432 shares exceeded the nominal value of \$5 per share, was credited to Capital Surplus, namely \$96,061,328.

THE PURE OIL COMPANY

Reply to Item 8 of T. N. E. C. Questionnaire

(a) 1. On January 13, 1936, the Board of Directors of the reporting company submitted a plan of exchange to its preferred shareholders for the purpose of disposing of the accumulated arrears of dividends on such preferred shares. Under this plan holders of 8% preferred shares were offered for each such share held the alternative of one and thirty-four hundredths shares of new 6% preferred shares and \$1.50 in cash or one new 8% preferred share, twenty-four hundredths of one share of new 6% preferred shares, and \$1.50 in cash; holders of 6% preferred shares were offered for each such share held one and eighteen hundredths shares of new 6% preferred shares and \$1.12½ in cash; and holders of 5¼% preferred shares were offered for each such share held one and sixteen hundredths shares of new 6% preferred shares and \$.87½ in cash.

Under the plan, at various dates between January 13, 1936 and March 26, 1936, 58,349 new 8% preferred shares and 85,532.96 new 6% preferred shares were issued to holders of 8% preferred shares against cancellation of 11,729 8% preferred shares; and 180,042.04 new 6% preferred shares were issued to holders of 6% preferred shares against cancellation of 152,578 6% preferred shares.

As a result of the plan \$5,767,143.75 aggregate amount of accumulated and unpaid dividends on the said 8% preferred shares and 6% preferred shares were extinguished. Included in this amount is \$339,243.75 paid in cash to the holders of preferred shares making the exchange.

2. During the period from January 1, 1936, to July 1, 1937, the reporting company sold 943,620 common shares without nominal or par value (assigned value \$10 per share) as the result of exercise of Warrants attached to the Fifteen Year 4¼% Sinking Fund Notes. The Warrant attached to each \$1,000 Note permitted the holder to purchase 30 common shares at \$15 per share.

The entire proceeds derived from the sale of said common shares amounted to \$14,154,300 in cash and were deposited with the Trustee in accordance with the provision of the Indenture of the Fifteen Year 4¼% Sinking Fund Notes. All of such proceeds were used for the retirement of the Notes.

The excess of the amount received (\$15 per share) over the assigned value (\$10 per share) of common shares sold through the exercise of Warrants attached to the Notes was credited in the aggregate amount of \$4,718,100 to paid-in surplus.

3. In September 1937 and October 1937 the reporting company sold 442,434 5% cumulative convertible preferred shares having a par value of \$100 per share. These shares may, at the option of the holders thereof, be converted into common shares at any time on or before October 1, 1947. The conversion price (subject to adjustment) is \$22.22-2/9 to October 1, 1940, \$25 thereafter to October 1, 1942 and \$30 thereafter to October 1, 1947 when the conversion privilege expires.

The net proceeds from the sale of the above shares, after deducting the sum of \$1,106,107.50 representing underwriters' discounts or commissions and the sum of \$269,114.10 representing expenses of the Company in connection with such sale, amounted to \$42,868,178.40 and have been used for the following purposes:

(i) \$8,428,200 for the redemption or purchase on or prior to January 1, 1938, of 76,620 8% cumulative preferred shares (par value \$100) at \$110 per share.

(ii) \$3,000,000 to pay the balance of unsecured bank loans maturing from 1938 to 1940 inclusive.

(iii) \$25,000,000 to retire unsecured bank loans of the same principal amount incurred for the purpose of providing a portion of the funds required for the redemption of all of the Fifteen Year 4¼% Sinking Fund Notes on July 1, 1937.

(iv) The remainder of the net proceeds, amounting to \$6,439,978.40, has been added to the general cash funds of the Company and no part has been allocated to specific purposes.

4. In September 1937 the reporting company sold 41 common shares without nominal or par value (assigned value \$10 per share) at \$22.22½ per share. These shares, together with 8,040 5% cumulative convertible preferred shares included with those covered in Paragraph 3 of this item, were sold to Common Shareholders of the Company pursuant to an alternative offer made to such shareholders prior to the sale to the Underwriters.

The total proceeds from the sale of the above common shares amounted to \$911.11 and were included in the general cash funds of the Company. The excess of the realized price (\$22.22½ per share) over the assigned value (\$10 per share) amounting in the aggregate to \$501.11 was credited to paid-in surplus.

SACONY-VACUUM OIL COMPANY, INCORPORATED

Reply to Item 8 (a) of T. N. E. C. Questionnaire

Year	Shares issued	Amounts credited to surplus	Purpose of issue
1929.....	15,789	\$205,257.00	Acquisition of assets.
1930.....	469,830		" " "
1931.....	13,911,433		" " "
1932.....	136,951		" " "
1933.....	9,003		" " "
1934.....	3,942	30,480.00	" " "
1935.....	1,709	17,090.00	" " "
1936.....	306	3,060.00	" " "
1937.....	384	3,840.00	" " "
1938.....	50	500.00	" " "
	14,549,397	\$260,227.00	

STANDARD OIL COMPANY (INDIANA)

Reply to Item 8 (a) of T. N. E. C. Questionnaire

Details	Capital Stock		Amount Credited to Capital Surplus
	Number of Shares	Par Value	
Sales to Employees Stock Purchasing Plans—Years 1929 and 1937.....	\$9,779.5	\$2,244,487.50	\$2,077,291.81
Issued in exchange for—			
Midwest Refining Company Stock—Years 1929–1930–1931.....	2,070	51,750.00	15,870.00
Pan American Petroleum and Transport Company Stock—Years 1929–1930.....	2,602,642.8444	65,066,071.11	72,375,925.79
Pan American Southern Corporation Stock—Years 1937–1938.....	11,534	288,350.00	104,688.62
Pan American Eastern Petroleum Corporation Stock—Year 1929.....	234,107.1428	5,852,678.57	7,257,321.43
Mc-Man Oil and Gas Company Stock—Year 1930.....	200,000	5,000,000.00	6,375,000.00
Stock Dividend—Year 1929.....	4,649,284.7668	116,232,119.17	-----
	7,789,418.2540	\$194,735,456.35	\$88,174,357.65

STANDARD OIL COMPANY (NEW JERSEY)

Details of original issues of capital stock (par value \$25 per share) question 8

Year Issued	Purpose of Issue	Shares Issued	Accounts Credited	
			Capital Stock	Capital Surplus
1929	To Trustees of stock acquisition plans—for cash.....	123,547	\$3,088,675	\$3,050,752
1929	For stock of Beacon Oil Company.....	199,454	4,986,350	5,784,166
1929	For stock of Pen-Del Investing Company.....	65,748	1,643,700	1,380,756
1929	For stock of Standard Oil Company of New Jersey.....	546,000	13,650,000	21,135,660
1930	To Trustees of stock acquisition plans—for cash.....	99,500	2,487,500	4,128,982
1931	To Trustees of stock acquisition plans—for cash.....	217,000	5,425,000	3,060,000
1932	To Trustees of stock acquisition plans—for cash.....	5,497	137,425	49,473
1933	To Trustees of stock acquisition plans—for cash.....	20,500	512,500	184,500
1934	To Trustees of stock acquisition plans—for cash.....	94,616	2,365,400	1,736,007
1935	(No issues).....			
1936	In part payment for stock of Pan American Foreign Corporation.....	344,744	8,618,600	5,974,413
1936	For stock of Colonial Beacon Oil Company.....	23,942	598,550	414,915
1937	(No issues).....			
1938	For stock dividend:			
	Full shares..... 348,352	393,297.69	9,832,442	983,245
	Scrip certificates exchanged for full shares. 18,441			
	Scrip certificates exchanged for full shares. 26,504.69			
	Totals.....	2,133,845.69	\$53,346,142	\$47,882,869

STANDARD OIL COMPANY (OHIO)

*Reply to Question 8(a) of TNEC Questionnaire*STATEMENT OF ORIGINAL ISSUES OF CAPITAL STOCK JANUARY 1, 1929 TO
DECEMBER 31, 1938

Date of Issue	Kind of Stock	No. of Shares issued	Total Par Value	Credit to Surplus	Purpose of Issue
1930.....	5% Cumul. Pfd. \$100 par.	120,000	\$12,000,000.00	-----	To redeem 70,000 shares outstanding 7% pfd. stk. \$100 par. & to provide additional funds for corporate purposes.
1931.....	Com. \$25.....	188,673	4,716,825.00	\$3,760,219.17 1 7,445,400.84 2 72,617.20	62,639 shares issued to acquire pfd. stock of Ajax Corp. 124,028 shares issued to acquire assets of Refiners Oil Co. 2,006 shares issued in part payment for assets of Solar Refining Co.
1930 to 1935, Inc.	Com. \$25 par....	7,592	189,800.00	155,071.21	Issued from time to time to Trustees under Stk. Purchase Plan for executives and key men for varying cash considerations as provided by said plan.

¹ This item of \$7,445,400.84 represented the difference between the par value of the shares issued for the assets of the Refiners Oil Co. and the agreed value of such assets, including good will upon acquisition, such assets were taken into the records of the company at substantially the value thereof appearing upon the books of the Refiners Oil Co., with minor adjustments, and an item of \$4,934,356.84 was set up representing the good will acquired. This good will item was at the end of the year 1931 charged against Capital Surplus. Additional charges were subsequently made against the Capital Surplus arising out of the issuance of these shares by reason of the abandonment of various stations acquired from Refiners Oil Co., so that out of the \$7,445,400.84 credited to Capital Surplus in 1931 in this transaction, only \$2,069,252.16 still remained on the books of the Company at the end of 1933.

² While the amount of \$72,617.20 was originally credited to Capital Surplus in 1931, in connection with this transaction (being the difference between the par value of the Company's shares issued in connection therewith and the agreed value at which the same were issued), charges against Capital Surplus were subsequently made during the same year on account of obsolete portion of the plant and equipment so acquired. The amount of these charges was more than sufficient to eliminate this item of Capital Surplus.

THE TEXAS CORPORATION

Reply to Item #8 of T. N. E. C. Questionnaire

a. Details of any original issue of capital stock indicating the purpose of each issue (If any part of the proceeds was credited to surplus, state such amount).

1. On October 16, 1928, the Board of Directors of The Texas Corporation resolved to offer to the stockholders of record at the close of business on November 23, 1928, the right to subscribe, at \$40.00 per share, for additional shares of The Texas Corporation in the proportion of one additional share for each six shares then owned, as shown by the books of the Corporation. Rights to subscribe expired January 15, 1929; terms of payment were \$20.00 per share on or before January 15, 1929, and \$20.00 per share on or before April 2, 1929; definitive certificates to be issued and delivered after April 2, 1929, the stock to participate in dividends declared and payable after that date.

Number of shares issued was 1,404,210 (par value \$25.00 each). Amount credited to capital surplus account was \$21,063,150.00.

Proceeds of this issue were intended to be used for the expansion of the producing, transporting, refining and distributing facilities of the Corporation's subsidiaries, for reimbursing the treasury for expenditures made on some work then under way, and for general corporate purposes.

2. On January 15, 1937, the Board of Directors of The Texas Corporation resolved to offer to stockholders of record on February 15, 1937, the right to subscribe, at \$40.00 per share, for additional stock of The Texas Corporation in the proportion of one additional share for each six shares then owed, as shown by the books of the Corporation.

The rights to subscribe expire March 19, 1937; terms of payment were \$20.00 per share at the time of subscription and \$20.00 per share on or before May 14, 1937. Certificates for the shares subscribed to be issued after payment of the subscription price in full, the shares to participate in dividends payable to stockholders of record on dates after the issuance of certificates covering such shares.

Number of shares issued, 1,534,999 (par value \$25.00 each). Amount credited to capital surplus account, \$23,043,735.00.

The proceeds of this issue were intended to be applied to the payment of \$22,500,000.00 owed by The Texas Company (a subsidiary) to banks; to finance expansion of plant facilities of subsidiaries, exploration for and development of producing properties, and additional investments in an amount estimated at approximately \$21,500,000.00; and the remainder to reimburse the Treasury for funds previously applied to the retirement of funded debt and bank loans, expended for investments, etc., and to pay off certain miscellaneous purchase obligations.

UNION OIL COMPANY OF CALIFORNIA

Reply to Item 8 of T. N. E. C. Questionnaire

8. (a) Details of original issues of capital stock, 1929 to 1938, inclusive:

Year		Number of Shares	Charges or Credits to surplus
1929	Issuance under subscription rights offered to stockholders on 12/20/29.	377,408	Surplus credited in 1929 with difference between sale price of \$35.00 per share and par value of \$25.00 per share on total shares subscribed for. Amount of credit was \$3,799,93).
1930	do	2,585	
1929	Issuance to employees under subscription plan offered in 1925.	1,717	No adjustment to surplus in these years.
1930	do	3,335	
1929	Stock dividend of 1%	41,771	No adjustment to surplus, other than debit for dividend.
1930	Four stock dividends of 1% each, less purchase of fractional shares.	164,197	Surplus charged with \$100,813 representing premium paid on fractional shares purchased and cancelled.

EXHIBIT No. 1314

PART "A"—APPENDIX II

[T. N. E. C. 4/19/39, Question 33, Exhibit E]

Statement of shares of capital stock voted at stockholders meetings of the Atlantic Refining Company

1929

		Shares
Annual Meeting, May 7, 1929:		
A. Shares voted by Stockholders in person.....		33, 427
B. Shares of Stock voted by proxy exercised by Company officers and directors.....		1, 383, 978
C. Shares voted by proxy exercised by other than officers and directors.....		None
D. Total shares of stock voted by each officer and director both as personal holdings and by proxy, shown separately:		

	Personal	Proxy
J. W. Van Dyke.....	30, 774	
W. M. Irish.....	1, 528	1, 383, 968
J. W. Liberton.....	40	
Robert H. Colley.....	10	
E. J. Henry.....		10
E. R. Cox.....	134	

1930

		Shares
Annual Meeting, May 6, 1930:		
A.....		37, 963
B.....		1, 641, 669
C.....		None
D.....		

	Personal	Proxy
J. W. Van Dyke.....	33, 628	
W. M. Irish.....	1, 528	1, 641, 636
R. D. Leonard.....	103	
J. W. Liberton.....	54	
G. E. Glines.....	1, 220	
E. J. Henry.....		33
Robert H. Colley.....	26	
E. R. Cox.....	234	

1931

		Shares
Annual Meeting, May 5, 1931:		
A.....		38, 974
B.....		1, 712, 886
C.....		None
D.....		

	Personal	Proxy
J. W. Van Dyke.....	28, 777	9, 367
W. M. Irish.....	1, 903	1, 689, 359
R. D. Leonard.....	328	
Robert H. Colley.....	153	14, 160
E. J. Henry.....	200	
E. R. Cox.....	1, 074	
J. W. Liberton.....	54	

Statement of shares of capital stock voted at stockholders meetings of the Atlantic Refining Company—Continued

1932		Shares
Annual Meeting, May 3, 1932:		
A.....		51, 651
B.....		1, 653, 710
C.....		15
D.....		

	Personal	Proxy
J. W. Van Dyke.....	42, 100	
W. M. Irish.....	2, 557	1, 653, 570
R. D. Leonard.....	1, 132	
W. D. Anderson.....	2, 500	
E. J. Henry.....	366	
Robert H. Colley.....	211	
E. R. Cox.....	1, 005	140

1933		Shares
Annual Meeting, May 2, 1933:		
A.....		51, 923
B.....		1, 510, 497
C.....		None
D.....		

	Personal	Proxy
J. W. Van Dyke.....	44, 100	
W. M. Irish.....	3, 200	1, 509, 591
W. D. Anderson.....	2, 500	
E. J. Henry.....		666
Robert H. Colley.....	611	
J. D. Gill.....	260	
E. R. Cox.....	814	240

1934		Shares
Annual Meeting, May 1, 1934:		
A.....		53, 614
B.....		1, 467, 066
C.....		800
D.....		

	Personal	Proxy
J. W. Van Dyke.....	46, 100	
W. M. Irish.....	3, 200	1, 440, 048
R. D. Leonard.....	829	
E. J. Henry.....		500
Robert H. Colley.....	1, 611	26, 518
J. D. Gill.....	360	
E. R. Cox.....	754	

Statement of shares of capital stock voted at stockholders meetings of the Atlantic Refining Company—Continued

1935

Annual Meeting May 7, 1935:

Shares

A.....	55,872
B.....	1,407,886
C.....	None
D.....	

	Personal	Proxy
J. W. Van Dyke.....	46,100	
W. M. Irish.....	3,200	1,406,867
W. D. Anderson.....	2,435	
E. J. Henry.....		276
Robert H. Colley.....	1,611	
W. M. O'Connor.....	33	
W. C. Yeager.....	373	
J. D. Gill.....	360	
R. C. Tuttle.....		503
E. R. Cox.....	760	240

1936

March 24, 1936, Special Meeting:

Shares

A.....	50,726
B.....	1,418,556
C.....	433
D.....	

	Personal	Proxy
J. W. Van Dyke.....	46,100	
W. M. Irish.....	500	1,418,316
Robert H. Colley.....	1,611	
W. M. O'Connor.....	33	
J. D. Gill.....	360	
E. R. Cox.....	760	240
W. C. Yeager.....	373	

March 30, 1936, Special Meeting:

Shares

A.....	50,391
B.....	1,430,199
C.....	433
D.....	

	Personal	Proxy
J. W. Van Dyke.....	46,100	
W. M. Irish.....	500	1,429,959
Robert H. Colley.....	1,611	
W. M. O'Connor.....	33	
W. C. Yeager.....	373	
J. D. Gill.....	360	
E. R. Cox.....	760	240

Statement of shares of capital stock voted at stockholders meetings of the Atlantic Refining Company—Continued

May 5, 1936, Annual Meeting:

	<i>Shares</i>
A.....	50, 192
B.....	1, 449, 197
C.....	None
D.....	

	Personal	Proxy
J. W. Van Dyke.....	46, 100	
W. M. Irish.....	500	1, 448, 691
E. J. Henry.....		266
Robert H. Colley.....	1, 345	
W. C. Yeager.....	383	
J. D. Gill.....	360	
E. R. Cox.....	760	240

1937

May 4, 1937, Annual Meeting:

	<i>Shares</i>
A.....	50, 566
B.....	1, 436, 188
C.....	568
D.....	

	Personal	Proxy
J. W. Van Dyke.....	46, 100	
E. J. Henry.....		1, 611
Robert H. Colley.....		1, 433, 629
J. D. Gill.....	360	206
R. C. Tuttle.....	10	503
E. R. Cox.....	960	240
E. H. Blum.....	800	

1938

May 3, 1938, Annual Meeting:

	<i>Shares</i>
A.....	60, 980
B.....	1, 483, 271
C.....	1, 033
D.....	

	Personal	Proxy
J. W. Van Dyke.....	53, 700	
Robert H. Colley.....	1, 611	1, 482, 298
E. J. Henry.....	266	
W. C. Yeager.....	373	
J. D. Gill.....	360	
R. C. Tuttle.....	10	733
E. H. Blum.....	800	
E. R. Cox.....	960	240

September 12, 1938, Special Meeting:

	<i>Common</i>	<i>Preferred</i>
A.....	61, 032	180
B.....	1, 438, 358	91, 490
C.....	583	
D.....		

	Personal		Proxy	
	Common	Preferred	Common	Preferred
J. W. Van Dyke.....	54, 200			
Robert H. Colley.....	1, 611	100	1, 437, 411	91, 477
E. J. Henry.....	266			
W. C. Yeager.....	373	20		
J. D. Gill.....	360			
R. C. Tuttle.....	10		707	
E. H. Blum.....	800			
E. R. Cox.....	960	43	240	13

Statement of shares of capital stock voted at stockholders meetings of the Atlantic Refining Company—Continued

September 16, 1938; Adjourned Special Meeting:

Common

Preferred

A.....	60,584	165
B.....	1,445,791	91,584
C.....	433	
D.....		

	Personal		Proxy	
	Common	Preferred	Common	Preferred
J. W. Van Dyke.....	54,200			
Robert H. Colley.....	1,611	100	1,444,844	91,571
E. J. Henry.....	266			
W. C. Yeager.....	373	20		
J. D. Gil.....	360			
R. C. Tuttle.....	10		707	
E. H. Blum.....	800	2		
E. R. Cox.....	960	43	240	13

MAY 11, 1939

F.

CITIES SERVICE COMPANY (DEL.)

(33) With regard to all meetings of stockholders of the reporting company held during each of the years 1929 to 1938, both inclusive, submit a statement showing:

- Shares of capital stock voted by stockholders in person.
- Shares of capital stock voted by proxy exercised by company officers and directors.
- Shares voted by proxy exercised by other than company officers and directors.
- Total shares of stock voted by each officer and director at each meeting, both as to personal holdings and by proxy, shown separately.

Date of meeting	Total votes	(a)	(b)	(c)	(d)		
		Votes in person	Votes by proxies by company directors and officers ¹	Votes by proxies by others	Votes voted by directors and officers		
					In person	By proxy ¹	Total
Apr. 30, 1929 ----	1,713,905	119.8	1,713,397.2	388	39.4	1,713,397.2	1,713,436.6
May 12, 1930 ----	2,619,598.45	115.85	2,619,446.60		151.85	2,619,446.60	2,619,598.85
Apr. 21, 1931 ----	2,811,977.65	454.90	2,811,522.75		325.65	2,811,522.75	2,811,848.40
Apr. 26, 1932 ----	2,626,054.90	696.45	2,625,358.45		337.6	2,625,358.45	2,625,696.05
Apr. 25, 1933 ----	2,641,659.45	4,470.50	2,637,188.95		4,260.20	2,637,188.95	2,641,449.15
Apr. 24, 1934 ----	2,578,355.3	5,581.25	2,572,774.05		4,282.75	2,572,774.05	2,577,056.80
Apr. 30, 1935 ----	2,691,406.8	7,404.10	2,683,880.7	100	5,175.75	2,683,880.7	2,689,056.45
Apr. 28, 1936 ----	1,603,742.05	7,929.45	1,595,812.6	None	5,727	1,595,812.6	1,601,639.6
Mar. 16, 1937 ----	1,631,816.15	2,852.75	1,628,566.14	397.26	5,088.30	1,628,566.14	1,633,654.44
Apr. 27, 1937 ----	1,651,358.65	8,094.75	1,643,243.9	20	6,354.25	1,643,243.9	1,649,598.15
Apr. 26, 1938 ----	1,742,922.10	8,401.95	1,734,475.15	45	6,135.25	1,734,475.15	1,740,610.40

¹ Columns (b) and (d): All of the stock voted was voted by an officer or a director representing the Proxy Committee which consisted of persons who were officers and/or directors and persons who were neither. Included in the shares so voted were shares owned by certain other officers and/or directors.

CONTINENTAL OIL COMPANY

Item 33: With regard to all meetings of stockholders of the reporting company held during each of the years 1929 to 1938, both inclusive, submit a statement showing:

(a) Shares of capital stock voted by stockholders in person:

1930	653	1935	2,461
1931	303	1936	303
1932	101	1937	303
1933	543	1938	2,703
1934	1,400		

(b) Shares of capital stock voted by proxy exercised by company officers and directors:

1930	1,909,672	1935	2,528,684
1931	2,463,169	1936	2,713,944.478
1932	2,464,557	1937	2,421,504
1933	2,681,124	1938	2,716,733
1934	2,199,739		

(c) Shares voted by proxy exercised by other than company officers and directors:

1930	None	1935	None
1931	None	1936	6,750
1932	None	1937	17,000
1933	None	1938	6,385
1934	None		

(d) Total shares of stock voted by each officer and director at each meeting, both as to personal holdings and by proxy, shown separately:

	Year	Personal	Proxy
W. W. Bruce	1930	200	1,909,672
W. W. Bruce	1931	None	2,463,169
W. W. Bruce	1932	None	2,464,557
W. W. Bruce	1933	None	2,681,124
W. W. Bruce	1935	None	2,528,684
W. W. Bruce	1936	None	2,713,944.478
Dan Moran	1934	None	2,199,739
James J. Cosgrove	1934	1,400	None
James J. Cosgrove	1935	2,158	None
W. H. Ferguson	1937	None	2,421,504
W. H. Ferguson	1938	None	2,716,733

CONSOLIDATED OIL CORPORATION

Question 33. With regard to all meetings of stockholders of the reporting company held during each of the years 1929 to 1938, both inclusive, submit a statement showing:

- Shares of capital stock voted by stockholders in person
- Shares of capital stock voted by proxy exercised by company officers and directors
- Shares voted by proxy exercised by other than company officers and directors
- Total shares of stock voted by each officer and director at each meeting, both as to personal holdings and by proxy, shown separately—

Answer: The requested information is listed hereinafter with respect to each meeting of stockholders of the reporting company held during each of the years 1929 to 1938, both inclusive. The headings A, B, C and D refer to the similarly designated subdivisions of the question, and the letters D and O appearing in the column headed "Title" indicate Director and Officer respectively.

1929

Annual meeting, year 1929:

Shares

A	-----	409
B	-----	4,361,447
C	-----	
D	-----	

Name	Title	Number of Shares Voted	
		Persopal Holdings	By Proxy
J. W. Carnes	D & O	414	
Sheldon Clark	D & O	300	825
J. F. Farrell	D & O	314	2,391
H. F. Sinclair	D & O	3,237	
C. E. Crawley	D & O	100	
S. L. Fuller	D	67	
E. H. Clark	D	2,300	
D. L. Hooper	D & O	500	
E. W. Isom	D	2	
F. H. Bartlett	D	5,000	
A. W. Cutten	D	10,000	
H. H. Rogers	D	500	
E. W. Sinclair	D & O	800	
Geo. H. Taber, Jr.	D	435	
A. E. Watts	D & O	1,050	
W. L. Connelly	O	1,500	
P. W. Thirtle	D & O	200	
H. F. Sinclair, J. F. Farrell and Sheldon Clark as joint proxies			14,353,443
J. F. Farrell and Sheldon Clark as joint proxies			4,405
Arthur Cutten, J. F. Farrell and Sheldon Clark as joint proxies			182
F. Bartlett, J. F. Farrell and Sheldon Clark as joint proxies			200

¹ Includes respective personal holdings.

1930

Annual meeting, year 1930:

Shares

A	-----	476
B	-----	3,866,742
C	-----	2
D	-----	

Name	Title	Number of Shares Voted	
		Personal Holdings	By Proxy
P. D. C. Ball	D	10,024	
F. H. Bartlett	D	5,000	
J. W. Carnes	D & O	414	
Sheldon Clark	D & O	300	
A. W. Cutten	D	10,000	
C. E. Crawley	D & O	100	
J. F. Farrell	D & O	1,014	
S. L. Fuller	D	67	
D. L. Hooper	D & O	500	
E. W. Isom	D	332	
H. H. Rogers	D	750	
H. F. Sinclair	D & O	3,337	
Geo. H. Taber, Jr.	D	435	
P. W. Thirtle	D & O	200	
A. E. Watts	D & O	1,344	
W. L. Connelly	O	1,104	68
A. Steinmetz	O	101	
H. F. Sinclair, J. F. Farrell and Sheldon Clark as joint proxies			13,866,674

¹ Includes respective personal holdings.

Special meeting, year 1930:

Shares

A	-----	2, 319
B	-----	4, 736, 161
C	-----	301
D	-----	

Name	Title	Number of Shares Voted	
		Personal Holdings	By Proxy
P. D. C. Ball	D	10, 024	
F. H. Bartlett	D	5, 000	
J. W. Carnes	D & O	414	
Sheldon Clark	D & O	300	
A. W. Cutten	D	10, 000	
C. E. Crawley	D & O	100	
J. F. Farrell	D & O	1, 714	
S. L. Fuller	D	67	
D. L. Hooper	D & O	500	
E. W. Isom	D	332	
H. H. Rogers	D	250	
H. F. Sinclair	D & O	3, 337	
Geo. H. Taber, Jr.	D	435	
P. W. Thirtle	D & O	200	
A. E. Watts	D & O	1, 344	
Alvin Untermeyer	D	700	
W. L. Connelly	O	1, 104	
A. Steinmetz	O	141	
J. Von Bevern	O	10	
E. W. Sinclair	D & O		35
G. T. Stanford	O		200
H. F. Sinclair, J. F. Farrell and Sheldon Clark as joint proxies.			1 4, 735, 826

¹ Includes respective personal holdings.

1931

Annual meeting, year 1931:

A	-----	(*)
B	-----	(*)
C	-----	(*)
D	-----	

Name	Title	Number of Shares Voted	
		Personal Holdings	By Proxy
P. D. C. Ball	D	10, 024	
F. H. Bartlett	D	5, 000	
J. W. Carnes	D & O	414	
Sheldon Clark	D & O	100	
C. E. Crawley	D & O	100	
A. W. Cutten	D	10, 000	
J. F. Farrell	D & O	931	
S. L. Fuller	D	34	
E. W. Isom	D	332	
H. H. Rogers	D	250	
H. F. Sinclair	D & O	3, 362	
Geo. H. Taber, Jr.	D	435	
P. W. Thirtle	D & O	100	
A. E. Watts	D & O	994	
Alvin Untermeyer	D	700	
W. L. Connelly	O	1, 104	
A. Steinmetz	O	112	
J. Von Bevern	O	10	
M. R. Gross	O	40	
H. F. Sinclair, J. F. Farrell and Sheldon Clark as joint proxies.			1 4, 400, 000

*These statistics requested not available.

¹ Includes respective personal holdings.

² Approximate.

1932

Special meeting, year 1932:

A	-----	5, 673
B	-----	4, 746, 695
C	-----	1, 827
D	-----	

Name	Title	Number of Shares Voted	
		Personal Holdings	By Proxy
P. D. C. Ball	D	12, 024	
J. W. Carnes	D & O	414	
Sheldon Clark	D & O	300	
C. E. Crawley	D & O	100	
A. W. Cutten	D	2, 000	
J. F. Farrell	D & O	300	
S. L. Fuller	D	57	
E. W. Isom	D	732	
D. T. Pierce	D	100	
H. F. Sinclair	D & O	3, 362	
Geo. H. Taber, Jr.	D	2, 435	
P. W. Thirtle	D & O	200	
Alvin Untermeyer	D	700	
A. E. Watts	D & O	994	
W. L. Connelly	O	1, 304	
M. R. Gross	O	104	
A. Steinmetz	O	160	
H. F. Sinclair, J. F. Farrell and Sheldon Clark as joint proxies.			4, 746, 695

¹ Includes respective personal holdings.

Annual meeting, year 1932:

A	-----	(*)
B	-----	(*)
C	-----	(*)
D	-----	

Name	Title	Number of Shares Voted	
		Personal Holdings	By Proxy
P. D. C. Ball	D	12, 524	
F. H. Bartlett	D	2, 164	
J. W. Carnes	D & O	1, 014	
Sheldon Clark	D & O	100	
C. E. Crawley	D & O	100	
J. F. Farrell	D & O	2, 331	
S. L. Fuller	D	10	
E. W. Isom	D	332	
D. T. Pierce	D	100	
H. F. Sinclair	D & O	3, 362	
Geo. H. Taber, Jr.	D	2, 435	
E. R. Tinker	D	14	
Alvin Untermeyer	D	700	
A. E. Watts	D & O	994	
Elisha Walker	D	100	
W. S. Fitzpatrick	D & O	3, 689	
C. H. Kountz	D	11, 113	
Nelson K. Moody	D	12, 949	
H. G. Freeman	D	10	
John H. Markham, Jr.	D	5, 422	
G. T. Stanford	D & O	1, 000	
Dana H. Kelsey	D	5, 000	
H. S. Marston	D	10	
M. R. Gross	O	104	
A. Steinmetz	O	160	
H. F. Sinclair, Sheldon Clark and J. F. Farrell as joint proxies.			8, 690, 000

*These statistics requested not available.

¹ Includes respective personal holdings.

² Approximate.

1933

Annual meeting, year 1933:

A	-----	4, 587
B	-----	9, 335, 340
C	-----	None
D	-----	

Name	Title	Number of Shares Voted	
		Personal Holdings	By Proxy
P. D. C. Ball	D	5,025	
R. E. Cutten	D	1,000	
J. W. Carnes	D & O	1,014	
Sheldon Clark	D & O	312	
C. E. Crawley	D & O	100	
W. S. Fitzpatrick	D & O	3,689	
J. F. Farrell	D & O	2,031	
H. G. Freeman	D	10	
S. L. Fuller	D	10	
E. W. Isom	D	32	
C. H. Kountz	D	11,113	
D. H. Kelsey	D	5,000	
H. S. Marston	D	10	
N. K. Moody	D	12,949	
D. T. Pierce	D	100	
H. F. Sinclair	D & O	3,362	
G. T. Stanford	D & O	1,000	
Geo. H. Taber, Jr.	D	935	
E. R. Tinker	D	14	
Alvin Untermeyer	D	13,200	
Elisha Walker	D	100	
A. E. Watts	D & O	1,294	
W. F. Dau		0	
A. Steinmetz		0	
H. F. Sinclair, J. F. Farrell and Sheldon Clark as joint proxies			1 9, 335, 340

1 Includes respective personal holdings.

1934

Annual meeting, year 1934:

A	-----	(*)
B	-----	(*)
C	-----	(*)
D	-----	

Name	Title	Number of Shares Voted	
		Personal Holdings	By Proxy
J. W. Carnes	D & O	1,014	
Sheldon Clark	D & O	312	
C. E. Crawley	D & O	100	
R. E. Cutten	D	1,000	
J. F. Farrell	D & O	2,000	
W. S. Fitzpatrick	D & O	3,600	
H. G. Freeman	D	10	
S. L. Fuller	D	10	
E. W. Isom	D	32	
D. H. Kelsey	D	5,000	
C. H. Kountz	D	11,113	
H. S. Marston	D	10	
N. K. Moody	D	5,104	
D. T. Pierce	D	100	
H. F. Sinclair	D & O	3,362	
G. T. Stanford	D & O	1,017	
Geo. H. Taber, Jr.	D	1,435	
E. R. Tinker	D	14	
Alvin Untermeyer	D	13,200	
A. E. Watts	D & O	700	
W. F. Dau		0	
E. L. Wagon		0	
A. Steinmetz		0	
H. F. Sinclair, J. F. Farrell and Sheldon Clark as joint proxies			1 10,640,000

* These statistics requested not available.

1 Includes respective personal holdings.

2 Approximate.

CONCENTRATION OF ECONOMIC POWER

10003

1935

Annual meeting, year 1935:

A (*)
 B (*)
 C (*)
 D

Name	Title	Number of shares voted	
		Personal holdings	By proxy
J. W. Carnes	D & O	1,014	
Sheldon Clark	D & O	312	
C. E. Crawley	D & O	100	
J. F. Farrell	D & O	2,000	
W. S. Fitzpatrick	D & O	3,600	
S. L. Fuller	D	10	
E. W. Isom	D	32	
D. H. Kelsey	D	5,000	
C. H. Kountz	D	11,113	
H. S. Marston	D	10	
D. T. Pierce	D	100	
H. F. Sinclair	D & O	3,362	
L. V. Stanford	D	780	
Geo. H. Taber, Jr.	D	1,435	
P. W. Thirtle	D & O	1,500	
E. R. Tinker	D	14	
Alvin Untermeyer	D	12,700	
A. E. Watts	D & O	700	
W. F. Dau	O	63	
E. L. Wagon	O	600	
J. Von Bevern	O	2	
H. F. Sinclair, J. F. Farrell, and Sheldon Clark, as joint proxies.			129,000,000

Special meeting, year 1935:

A (*)
 B (*)
 C (*)
 D

Name	Title	Number of shares voted	
		Personal holdings	By proxy
J. W. Carnes	D & O	1,014	
Sheldon Clark	D & O	312	
C. E. Crawley	D & O	100	
J. F. Farrell	D & O	2,000	
W. S. Fitzpatrick	D & O	3,600	
S. L. Fuller	D	10	
E. W. Isom	D	32	
D. H. Kelsey	D	5,000	
C. H. Kountz	D	11,113	
H. S. Marston	D	10	
D. T. Pierce	D	100	
H. F. Sinclair	D & O	3,362	
L. V. Stanford	D	780	
Geo. H. Taber, Jr.	D	1,435	
P. W. Thirtle	D & O	1,500	
E. R. Tinker	D	14	
Alvin Untermeyer	D	12,700	
A. E. Watts	D & O	700	
W. F. Dau	O	63	
E. L. Wagon	O	600	
J. Von Bevern	O	2	
H. F. Sinclair, J. F. Farrell, and Sheldon Clark as joint proxies.			129,000,000

*These statistics requested not available.

1 Includes respective personal holdings.

2 Approximate.

1936

Annual meeting, year 1936:

A	-----	4, 622
B	-----	11, 168, 167
C	-----	10, 154
D	-----	

Name	Title	Number of Shares Voted	
		Personal Holdings	By Proxy
Sheldon Clark	D & O	312	-----
J. F. Farrell	D & O	2,000	-----
W. S. Fitzpatrick	D & O	4,000	-----
S. L. Fuller	D	10	-----
E. W. Isom	D	32	-----
D. T. Pierce	D	100	-----
H. F. Sinclair	D & O	3,362	-----
E. R. Tinker	D	14	-----
Alvin Untermeyer	D	12,700	-----
P. W. Thirtle	O	1,500	-----
W. F. Dau	O	263	-----
E. L. Wagon	O	600	-----
J. Von Bevern	O	2	-----
H. F. Sinclair, J. F. Farrell and Sheldon Clark as joint proxies			¹ 11, 168, 167

1937

Annual meeting, year 1937:

A	-----	10, 780
B	-----	10, 158, 543
C	-----	345, 694
D	-----	

Name	Title	Number of Shares Voted	
		Personal Holdings	By Proxy
Sheldon Clark	D & O	312	-----
J. F. Farrell	D & O	2,000	-----
W. S. Fitzpatrick	D & O	4,000	-----
S. L. Fuller	D	10	-----
E. W. Isom	D	32	-----
D. T. Pierce	D	100	-----
H. F. Sinclair	D & O	3,362	-----
Alvin Untermeyer	D	12,720	-----
P. W. Thirtle	O	1,500	-----
W. F. Dau	O	263	-----
E. L. Wagon	O	600	-----
J. Von Bevern	O	1	-----
O. M. Gerstung			25
H. F. Sinclair, J. F. Farrell and Sheldon Clark as joint proxies			¹ 10, 158, 518

¹ Includes respective personal holdings.

1938

Annual meeting, year 1938:

A.....	20, 173
B.....	10, 395, 319
C.....	355, 247
D.....	

Name	Title	Number of Shares Voted	
		Personal Holdings	By Proxy
Sheldon Clark.....	D & O.....	512	
J. F. Farrell.....	D & O.....	2, 000	
W. S. Fitzpatrick.....	D & O.....	4, 000	
S. L. Fuller.....	D.....	10	
H. R. Gallagher.....	D & O.....	1, 500	
D. T. Pierce.....	D.....	100	
H. F. Sinclair.....	D & O.....	8, 962	
H. F. Sinclair, Jr.....	D.....	550	
Alvin Untermyer.....	D.....	12, 720	
P. W. Thirtle.....	O.....	1, 500	
W. F. Dau.....	O.....	300	
E. L. Wagon.....	O.....	600	
J. Von Bevern.....	O.....	10	
H. F. Sinclair, Sheldon Clark and J. F. Farrell as joint proxies.....			1 10, 395, 319

1 Includes respective personal holdings.

GULF OIL CORPORATION

Answer to Questions 33-a; 33-b; 33-c; 33-d.

We tabulate below for each year inquired about the information called for by these questions.

In Column "A"—The Shares of Capital Stock voted by Stockholders in person.

In Column "B"—The Shares of Capital Stock voted by proxy exercised by Company Officers and Directors.

In Column "C"—The Shares voted by Proxy exercised by other than Company Officers and Directors.

In Column "D"—Total Shares of Stock voted by each Officer and Director at each meeting both as to personal holdings and by proxy, shown separately.

Column A	Column B	Column C	Column D			
			Personal		Proxy	
			Name	No. of shares	Name	No. of shares
5, 308	4, 171, 889	None	YEAR 1929 H. L. Stone.....	5, 086	Geo. S. Davison.....	4, 171, 889
41, 503	3, 982, 902	None	YEAR 1930 Charles B. Buerger..... W. J. Guthrie..... F. A. Leovy..... G. R. Nutty..... H. L. Stone.....	3, 845 10, 330 13, 994 3, 110 5, 086	W. J. Guthrie.....	3, 982, 902
None	4, 132, 194	None	YEAR 1931 None.....		W. J. Guthrie.....	4, 132, 194
55, 232	3, 938, 216	5, 720	YEAR 1932 Charles B. Buerger..... J. F. Drake..... H. A. Gidney..... W. J. Guthrie..... F. A. Leovy..... J. E. Nelson..... G. R. Nutty..... H. L. Stone.....	3, 845 100 2, 553 10, 330 14, 210 5, 327 3, 010 5, 086	W. J. Guthrie.....	3, 938, 216

Column A	Column B	Column C	Column D			
			Personal		Proxy	
			Name	No. of shares	Name	No. of shares
51, 177	4, 015, 182	None	YEAR 1933		W. J. Guthrie.....	4, 015, 182
			Charles B. Buerger.....	3, 718		
			J. F. Drake.....	100		
			H. A. Gidney.....	2, 220		
			W. J. Guthrie.....	10, 542		
			F. A. Leovy.....	14, 204		
			J. E. Nelson.....	5, 127		
H. L. Stone.....	5, 507					
45, 405	3, 995, 349	None	YEAR 1934		W. J. Guthrie.....	3, 995, 349
			Charles B. Buerger.....	3, 718		
			J. F. Drake.....	100		
			H. A. Gidney.....	2, 220		
			W. J. Guthrie.....	9, 742		
			F. A. Leovy.....	13, 385		
			J. E. Nelson.....	5, 527		
H. L. Stone.....	5, 507					
49, 704	3, 908, 494	1, 425	YEAR 1935		W. J. Guthrie.....	3, 908, 494
			Charles B. Buerger.....	3, 718		
			J. F. Drake.....	100		
			H. A. Gidney.....	2, 220		
			W. J. Guthrie.....	9, 542		
			F. A. Leovy.....	11, 982		
			J. E. Nelson.....	5, 527		
H. L. Stone.....	5, 507					
53, 274	4, 064, 264	None	YEAR 1936, ANNUAL MEETING		W. J. Guthrie.....	4, 064, 264
			E. C. Bothwell.....	3, 531		
			Charles B. Buerger.....	3, 718		
			J. F. Drake.....	100		
			H. A. Gidney.....	2, 220		
			W. J. Guthrie.....	9, 542		
			W. V. Hartmann.....	6, 092		
F. A. Leovy.....	11, 980					
J. E. Nelson.....	5, 527					
H. L. Stone.....	4, 507					
48, 572	3, 906, 425	3, 135	YEAR 1936, SPECIAL MEETING		J. F. Drake.....	100
			Charles B. Buerger.....	3, 718		
			J. F. Drake.....	100		
			H. A. Gidney.....	2, 053		
			W. J. Guthrie.....	9, 542		
			W. V. Hartmann.....	6, 092		
			F. A. Leovy.....	10, 380		
J. E. Nelson.....	5, 527					
H. L. Stone.....	4, 435					
87, 064	7, 810, 354	40	YEAR 1937		W. J. Guthrie.....	7, 810, 354
			E. C. Bothwell.....	2, 862		
			Charles B. Buerger.....	8, 447		
			J. F. Drake.....	2, 261		
			H. A. Gidney.....	4, 106		
			W. J. Guthrie.....	19, 084		
			W. V. Hartmann.....	5, 001		
F. A. Leovy.....	17, 818					
J. E. Nelson.....	10, 654					
H. L. Stone.....	10, 671					
60, 621	7, 875, 503	100	YEAR 1938		J. F. Drake.....	694
			E. C. Bothwell.....	2, 811		
			Charles B. Buerger.....	7, 947		
			J. F. Drake.....	2, 261		
			H. A. Gidney.....	4, 906		
			W. V. Hartmann.....	5, 800		
			F. A. Leovy.....	16, 769		
J. E. Nelson.....	11, 154					
David Proctor.....	857					
H. L. Stone.....	10, 671					
			YEAR 1938		F. A. Leovy.....	976
			E. C. Bothwell.....	2, 811		
			Charles B. Buerger.....	7, 947		
			J. F. Drake.....	2, 261		
			H. A. Gidney.....	4, 906		
			W. V. Hartmann.....	5, 800		
			F. A. Leovy.....	16, 769		
J. E. Nelson.....	11, 154					
David Proctor.....	857					
H. L. Stone.....	10, 671					
			YEAR 1938		David Proctor.....	7, 873, 768
			E. C. Bothwell.....	2, 811		
			Charles B. Buerger.....	7, 947		
			J. F. Drake.....	2, 261		
			H. A. Gidney.....	4, 906		
			W. V. Hartmann.....	5, 800		
			F. A. Leovy.....	16, 769		
J. E. Nelson.....	11, 154					
David Proctor.....	857					
H. L. Stone.....	10, 671					
			YEAR 1938		H. L. Stone.....	65
			E. C. Bothwell.....	2, 811		
			Charles B. Buerger.....	7, 947		
			J. F. Drake.....	2, 261		
			H. A. Gidney.....	4, 906		
			W. V. Hartmann.....	5, 800		
			F. A. Leovy.....	16, 769		
J. E. Nelson.....	11, 154					
David Proctor.....	857					
H. L. Stone.....	10, 671					

THE OHIO OIL COMPANY

1929

Ans. Annual Stockholders' Meeting, May 23, 1929:

Shares

a	-----	29, 188
b	-----	1, 481, 678
c	-----	None
d	-----	

	Personal Holdings	Proxy
	<i>Shares</i>	<i>Shares</i>
O. D. Donnell, President & Director	10, 436	1, 481, 678
J. K. Kerr, Vice President & Director	1, 380	
R. J. Berry, Vice President & Director	2, 300	
W. W. Fleming, Vice President & Director	450	
C. L. Fleming, Vice President & Director	400	
E. B. Redpath, Secretary	50	
F. A. Billstone, Treasurer	104	

Special Stockholders' Meeting, December 30, 1929:

Shares

a	-----	20, 837
b	-----	1, 666, 937
c	-----	None
d	-----	

	Personal Holdings	Proxy
	<i>Share</i>	<i>Shares</i>
O. D. Donnell, President & Director	11, 5. 6	1, 666, 937
J. K. Kerr, Vice President & Director	1, 880	
R. J. Berry, Vice President & Director	3, 500	
C. L. Fleming, Vice President & Director	900	
E. B. Redpath, Secretary	100	
F. A. Billstone, Treasurer	204	

1930

Annual Stockholders' Meeting, May 29, 1930:

Shares

a	-----	23, 352
b	-----	1, 552, 742
c	-----	None
d	-----	

	Personal Holdings	Proxy
	<i>Shares</i>	<i>Shares</i>
O. D. Donnell, President & Director	11, 536	1, 552, 742
J. K. Kerr, Vice President & Director	1, 880	
R. J. Berry, Vice President & Director	3, 500	
W. W. Fleming, Vice President & Director	850	
John McFadyen, Vice President & Director	890	
C. L. Fleming, Vice President & Director	900	
E. B. Redpath, Secretary	100	
F. A. Billstone, Treasurer	204	

Special Stockholders' Meeting, August 14, 1930:

Shares

a	-----	31, 355
b	-----	1, 841, 522
c	-----	None
d	-----	

	Personal Holdings	Proxy
	Shares	Shares
O. D. Donnell, President & Director	11, 536	1, 841, 522
R. J. Berry, Vice President & Director	3, 500	
C. L. Fleming, Vice President & Director	900	
E. B. Redpath, Secretary	100	

1931

Annual Stockholders' Meeting, May 28, 1931:

Shares

a	-----	88, 568
b	-----	4, 125, 157
c	-----	None
d	-----	

	Personal holdings	Proxy
	Shares	Shares
O. D. Donnell, President & Director	26, 428	4, 125, 157
J. K. Kerr, Vice President & Director	4, 260	
R. J. Berry, Vice President & Director	7, 000	
W. W. Fleming, Vice President & Director	1, 800	
John McFadyen, Vice President & Director	2, 030	
C. L. Fleming, Vice President & Director	1, 800	
E. B. Redpath, Secretary	250	
F. A. Billstone, Treasurer	408	

1932

Annual Stockholders' Meeting, May 26, 1932:

Shares

a	-----	92, 317
b	-----	4, 578, 482
c	-----	None
d	-----	

	Personal holdings	Proxy
	Shares	Shares
O. D. Donnell, President & Director	31, 028	4, 578, 482
R. J. Berry, Vice President & Director	7, 000	
C. L. Fleming, Vice President & Director	1, 800	
E. B. Redpath, Secretary	700	
F. A. Billstone, Treasurer	508	

1933

Annual Stockholders' Meeting, May 25, 1933:

Shares

a	-----	93,391
b	-----	4,447,751
c	-----	None
d	-----	

	Personal holdings	Proxy
	<i>Shares</i>	<i>Shares</i>
O. D. Donnell, President & Director	33,045	4,447,751
J. K. Kerr, Vice President & Director	4,260	
R. J. Berry, Vice President & Director	7,000	
C. L. Fleming, Vice President & Director	1,800	
E. B. Redpath, Secretary & Director	800	
F. A. Billstone, Treasurer	408	

1934

Annual Stockholders' Meeting, May 24, 1934:

Shares

a	-----	1,424
b	-----	4,078,897
c	-----	35,630
d	-----	

	Personal holdings	Proxy
	<i>Shares</i>	<i>Shares</i>
O. D. Donnell, President & Director		4,078,897

1935

Annual Stockholders' Meeting, May 23, 1935:

Shares

a:		
	Common	106,148
	Preferred	9,894
b:		
	Common	4,661,602
	Preferred	440,686
c	-----	None
d	-----	

	Personal holdings	Proxy
	<i>Shares</i>	<i>Shares</i>
O. D. Donnell, President & Director:		
Common	34,000	4,661,602
Preferred	1,190	440,686
C. L. Fleming, Vice President & Director:		
Common	1,800	
Preferred	17	

1936

Annual Stockholders' Meeting, May 28, 1936:

Shares

a	-----	121, 802
b	-----	4, 297, 128
c	-----	None
d	-----	

	Personal Holdings	Proxy
	Shares	Shares
O. D. Donnell, President & Director	35, 000	4, 297, 128
W. W. Fleming, Vice President & Director	2, 305	
John McFadyen, Vice President & Director	3, 030	
C. L. Fleming, Vice President & Director	1, 800	
E. B. Redpath, Secretary & Director	800	
F. A. Billstone, Treasurer & Director	416	
G. E. McCullough, Vice President	160	

1937

Annual Stockholders' Meeting, May 27, 1937:

Shares

a	-----	101, 996
b	-----	4, 175, 376
c	-----	None
d	-----	

	Personal Holdings	Proxy
	Shares	Shares
O. D. Donnell, President & Director	50, 750	4, 175, 376
John McFadyen, Vice President & Director	3, 030	
C. L. Fleming, Vice President & Director	1, 800	
J. C. Donnell II, Director	17, 450	
E. B. Redpath, Secretary & Director	800	
F. A. Billstone, Treasurer & Director	538	
G. E. McCullough, Vice President	210	

1938

Annual Stockholders' Meeting, May 26, 1938:

Shares

a	-----	102, 747
b	-----	4, 246, 857
c	-----	None
d	-----	

	Personal Holdings	Proxy
	Shares	Shares
O. D. Donnell, President & Director	51, 750	4, 246, 857
C. L. Fleming, Vice President & Director	1, 800	
J. C. Donnell II, Vice President & Director	17, 550	
E. B. Redpath, Secretary & Director	800	
F. A. Billstone, Treasurer & Director	538	
G. E. McCullough, Vice President	210	

34. A statement giving specifications for each of the brands and grades of gasoline and/or motor fuel distributed by reporting company and its subsidiaries and affiliates in domestic marketing operations at the present time.

Ans. Statement attached, marked Exhibit "O."

35. A statement showing the annual budgets for each of the years 1936, 1937 and 1938 allocated by reporting company, its subsidiaries and affiliates for the purposes of technical research.

Ans. None.

PHILLIPS PETROLEUM COMPANY

33. With regard to all meetings of stockholders of the reporting company held during each of the years 1929 to 1938, both inclusive, submit a statement showing:

- a. Shares of capital stock voted by stockholders in person.
- b. Shares of capital stock voted by proxy exercised by company officers and directors.
- c. Shares voted by proxy exercised by other than company officers and directors.
- d. Total shares of stock voted by each officer and director at each meeting, both as to personal holdings and by proxy, shown separately.

Answer.—The required information in respect of stockholders' annual meetings is submitted in the following schedule: (No special meetings of stockholders were held during this period.)

	1929	1930	1931	1932	1933
(a) Shares of capital stock voted by stockholders in person.....	199,681	187,109	280,603	277,531	58,613
(b) Shares of capital stock voted by proxy exercised by company officers, and directors (Proxy Committee).....	1,455,322½	1,659,197	2,614,724	2,606,456½	2,512,636
(c) Shares voted by proxy exercised by other than company officers and directors.....					
(d) Total shares of stock voted by each officer and director at each meeting, both as to personal holdings (1) and by proxy (2) shown separately:					
(1) Voted in person:					
Alexander, Clyde.....	6,937	11,830	4,230	10,230	9,730
Kane, J. H.....	9,895	10,190	2,992	2,492	2,192
Koopman, H. E.....	9,152		16,909	13,905	
Phillips, Frank.....	86,600	39,400	37,100	37,100	37,100
Phillips, L. E.....	52,151		64,305	65,355	
Wing, O. K.....	1,100	2,131	771	468	468
Phillips, J. G.....	686	721			
Davis, W. N.....		2,178	100	100	
McIntyre, P. J.....		2,395	2,794	2,200	
Hudson, R. H.....			1,535	1,486	
Dewar, J. S.....			1,864	1,264	
Sands, J. M.....			2,632	900	
Adams, K. S.....			125		125
Lemp, Ch. A.....			10,500	10,500	
Musgrave, C. R.....			453	1,053	1,353
Rice, F. E.....			2,122	2,522	
Trower, H. A.....			1,346	1,346	
Smoot, W. C.....					501
Youker, M. P.....					
Lynn, R. H.....					
Feist, F. L.....					
Parr, R. E.....					
Emery, Don.....					
(2) Shares voted by proxy committee Members of committee.....	1,455,322½ F. Phillips L. E. Phillips O. K. Wing	1,659,197 F. Phillips L. E. Phillips O. K. Wing	2,614,724 F. Phillips L. E. Phillips O. K. Wing	2,606,456½ F. Phillips L. E. Phillips O. K. Wing	2,512,636 F. Phillips L. E. Phillips O. K. Wing

	1934	1935	1936	1937	1938
(a) Shares of capital stock voted by stockholders in person.....	17,454	10,881	2,281	2,644	9,267
(b) Shares of capital stock voted by proxy exercised by company officers, and directors (Proxy Committee).....	2,601,830	2,658,212	2,511,382	2,952,658	2,554,293
(c) Shares voted by proxy exercised by other than company officers and directors.....					
(d) Total shares of stock voted by each officer and director at each meeting, both as to personal holdings (1) and by proxy (2) shown separately:					
(1) Voted in Person:					
Alexander, Clyde.....					
Kane, J. H.....					
Koopman, H. E.....		5,825			5,233
Phillips, Frank.....	500	500			
Phillips, L. E.....					
Wing, O. K.....	300				
Phillips, J. G.....					
Davis, W. N.....		700			
McIntyre, P. J.....					
Hudson, R. H.....	1,461				
Dewar, J. S.....					
Sands, J. M.....					
Adams, K. S.....			300		222
Lemp, Ch. A.....	10,500				
Musgrave, C. R.....	153	153			
Rice, F. E.....	822				
Trower, H. A.....					
Smoot, W. C.....	501	501			
Youker, M. P.....		305			
Lynn, R. H.....		1,010			
Feist, F. L.....				204	204
Parr, R. E.....				70	70
Emery, Don.....					100
(2) Shares voted by proxy committee Members of committee.....	2,601,830 F. Phillips L. E. Phillips O. K. Wing	2,658,212 F. Phillips J. H. Kane O. K. Wing	2,511,382 F. Phillips J. H. Kane K. S. Adams	2,952,658 F. Phillips J. H. Kane K. S. Adams	2,554,293 F. Phillips K. S. Adams Don Emery

THE PURE OIL COMPANY

33. With regard to all meetings of stockholders of the reporting company held during each of the years 1929 to 1938, both inclusive, submit a statement showing:

	1929	1930	1931	1932	1933
(a) Shares of capital stock voted by stockholders in person:					
Ans.	6, 735	9, 039	13, 066	11, 173	47, 202
(b) Shares of capital stock voted by proxy exercised by company officers and directors:					
Ans.	2, 523, 904	2, 538, 228	2, 076, 307	3, 180, 395	2, 397, 159
(c) Shares voted by proxy exercised by other than company officers and directors:					
Ans.	None	None	None	None	None
(d) Total shares of stock voted by each officer and director at each meeting, both as to personal holdings and by proxy, shown separately:					
Ans. None, except as follows:					
Henry M. Dawes, Pres. and Dir.:					
Personal	191	1, 763	1, 680	2, 680	2, 680
Proxy	2, 523, 904	2, 538, 228	2, 076, 307	3, 180, 395	2, 397, 159
Rawleigh Warner, V. P., Treas. and Dir.:					
Personal					
Proxy					
W. F. Burdell, Dir.: Personal	1, 640	1, 620	1, 484		1, 620
F. S. Heath, V. P., Secy. and Dir.:					
Personal	44	1, 484		1, 084	
C. H. Jay, Asst. Secy.-Treas.: Personal	400	600	400	400	400
C. M. Hinman, Asst. Secy.-Treas.:					
Personal	200				
W. E. Hutton, V. P. and Dir.: Personal				200	500
L. S. Wescoat, V. P., Secy. and Dir.:					
Personal					800
D. H. Mulloney, Asst. Secy.: Personal					280
C. H. Keller, Asst. Secy.-Treas.: Personal					
B. G. Dawes, Chairman of Board: Personal					
J. H. McCoy, Dir.: Personal					

	1934	1935	1936	1937	1938
(a) Shares of capital stock voted by stockholders in person:					
Ans.	14, 607	7, 845	4, 240	8, 772	21, 150
(b) Shares of capital stock voted by proxy exercised by company officers and directors:					
Ans.	2, 315, 633	2, 102, 105	2, 073, 840	2, 325, 925	4, 362, 698
(c) Shares voted by proxy exercised by other than company officers and directors:					
Ans.	None	None	None	None	None
(d) Total shares of stock voted by each officer and director at each meeting, both as to personal holdings and by proxy, shown separately:					
Ans. None, except as follows:					
Henry M. Dawes, Pres. and Dir.:					
Personal	1, 000	1, 000	1, 000		1, 000
Proxy	2, 315, 633	2, 102, 105	2, 073, 840		4, 362, 698
Rawleigh Warner, V. P., Treas. and Dir.:					
Personal		100		100	
Proxy				2, 325, 925	
W. F. Burdell, Dir.: Personal					
F. S. Heath, V. P., Secy. and Dir.:					
Personal	44	44	54		
C. H. Jay, Asst. Secy.-Treas.: Personal	400	400		400	400
C. M. Hinman, Asst. Secy.-Treas.:					
Personal					
W. E. Hutton, V. P. and Dir.: Personal					
L. S. Wescoat, V. P., Secy. and Dir.:					
Personal			1, 280	1, 540	740
D. H. Mulloney, Asst. Secy.: Personal		800			1, 536
C. H. Keller, Asst. Secy.-Treas.: Personal		344			
B. G. Dawes, Chairman of Board: Personal					
J. H. McCoy, Dir.: Personal		5, 123		1, 000	

NOTE.—Preferred shareholders are entitled to four votes for each share held and common shareholders are entitled to one vote for each share held.

SHELL UNION OIL CORPORATION

Item 33.—With regard to all meetings of stockholders of the reporting company held during each of the years 1929 to 1938, both inclusive, submit a statement showing:

A. Shares of capital stock voted by stockholders in person.

B. Shares of capital stock voted by proxy exercised by company officers and directors.

C. Shares voted by proxy exercised by other than company officers and directors.

D. Total shares of stock voted by each officer and director at each meeting, both as to personal holdings and by proxy, shown separately.

Date of meeting	Shares of capital stock					
	Voted by stockholders in person	Voted by proxy exercised by company officers and directors	Voted by proxy exercised by other than company officers and directors	Total shares of stock voted by each officer and director at each meeting, both as to personal holdings and by proxy, shown separately		
					Personal holdings	By proxy
April 21, 1938	7,329	9,035,905	23,428	R. G. A. van der Woude	7,000	8,412,154
				S. W. Duhig		176
				R. G. A. van der Woude		623,575
April 15, 1937	3,205	9,161,770		S. W. Duhig		
				R. G. A. van der Woude	2,700	9,161,770
May 21, 1936	17,683	9,474,340		W. C. Stagg	25	
				J. C. van Eck		9,385,371
				Lewis L. Clarke		
				Bayard Dominick		88,969
				Ernest Sturm		
May 16, 1935	12,703	9,786,064	4,939	R. Airey	2,900	
				R. G. A. van der Woude	4,650	
				J. C. van Eck		9,619,178
				Lewis L. Clarke		
				Bayard Dominick		166,886
				Ernest Sturm		
May 17, 1934	1,875	9,871,144		J. C. van Eck		9,668,422
				Charles Hayden		202,722
Feb. 5, 1934	393	9,436,449		J. C. van Eck		9,436,449
May 18, 1933	620	10,081,605	2,795	J. C. van Eck		9,858,691
				A. O. Choate		
				Charles Hayden		222,914
May 19, 1932	424	10,148,301		J. C. van Eck		10,148,301
May 21, 1931	4,779	10,449,387		J. C. van Eck		10,449,387
May 15, 1930	4,630	10,510,608		R. Airey	1,800	
				J. C. van Eck		2,298,454
				Avery D. Andrews		8,212,154
July 8, 1929		10,019,361		J. C. van Eck		10,019,361
May 16, 1929		10,629,913		J. C. van Eck		2,417,759
				Avery D. Andrews		8,212,154

SKELLY OIL COMPANY

33. With regard to all meetings of stockholders of the reporting company held during each of the years 1929 to 1938, both inclusive, submit a statement showing: A. -- B. -- C. -- D. --.

Answer:

NOTE.—The company's equity stock was classed as "capital stock" up to and including May 14, 1930, since which date it has borne the classification "common stock."

1929

Annual meeting of October 18, 1929

- a. 61,504 shares voted by stockholders in person.
- b. 717,415 shares voted by officers and directors as proxy.
- c. (None) shares voted by others as proxy.
- d. 743,473 total shares voted by officers and directors, shown separately:

Personal holdings:

C. C. Herndon	1,000
W. G. Skelly	24,113
F. T. Hopp	945

26,058

As proxy:

C. C. Herndon, and W. G. Skelly, as joint proxy ----- 717,451

1930

Special meeting of May 14, 1930

- a. 5,707 shares voted by stockholders in person.
- b. 708,438 shares voted by officers and directors by proxy.
- c. 200 shares voted by others as proxy.
- d. 711,625 total shares voted by officers and directors, shown separately:

Personal holdings:

C. C. Herndon	200
W. G. Skelly	2,108
F. T. Hopp	859
Richard T. Lyons	9
H. M. Staleup	11

3,187

As proxy:

C. C. Herndon and W. G. Skelly, as joint proxy ----- 708,438

Annual meeting of October 18, 1930

- a. 1,156 shares voted by stockholders in person.
- b. 762,508 shares voted by officers and directors as proxy.
- c. (None) shares voted by others as proxy.
- d. 762,987 total shares voted by officers and directors, shown separately:

Personal holdings:

F. T. Hopp	459
Richard T. Lyons	9
H. M. Staleup	11

479

As proxy:

C. C. Herndon and W. G. Skelly, as joint proxy ----- 762,508

1931

Annual meeting of October 19, 1931

- a. 142,616 shares voted by stockholders in person.
- b. 616,618 shares voted by officers and directors as proxy.
- c. (None) shares voted by others as proxy.
- d. 750,151 total shares voted by officers and directors, shown separately:

Personal holdings:

W. G. Skelly	131, 108
F. T. Hopp	1, 559
Richard T. Lyons	679
H. M. Stalcup	11
W. T. Atkins	176

133, 533

As proxy:

C. C. Herndon and W. G. Skelly, as joint proxy	616, 618
--	----------

1932

Annual meeting of October 18, 1932

- a. 140,106 shares voted by stockholders in person.
- b. 582,050 shares voted by officers and directors as proxy.
- c. (None) shares voted by others as proxy.
- d. 721,655 total shares voted by officers and directors, shown separately:

Personal holdings:

C. C. Herndon	300
W. G. Skelly	137, 178
F. T. Hopp	1, 538
Richard T. Lyons	579
H. M. Stalcup	11

139, 606

As proxy:

C. C. Herndon and W. G. Skelly, as joint proxy	581, 950
F. T. Hopp	100

582, 050

1933

Annual meeting of October 18, 1933

- a. 140,475 shares voted by stockholders in person.
- b. 572,657 shares voted by officers and directors as proxy.
- c. (None) shares voted by others as proxy.
- d. 712,832 total shares voted by officers and directors, shown separately:

Personal holdings:

C. C. Herndon	900
W. G. Skelly	137, 158
F. T. Hopp	1, 538
Richard T. Lyons	579

140, 175

As proxy:

C. C. Herndon and W. G. Skelly, as joint proxy	572, 657
--	----------

1934

Annual meeting of October 18, 1934

- a. 141,113 shares voted by stockholders in person.
- b. 582,593 shares voted by officers and directors as proxy.
- c. (None) shares voted by others as proxy.
- d. 721,168 total shares voted by officers and directors, shown separately:

Personal holdings:

C. C. Herndon	900
W. G. Skelly	136,958
F. T. Hopp	138
Richard T. Lyons	579

138,575

As proxy:

C. C. Herndon and W. G. Skelly, as joint proxy	582,593
--	---------

1935

Annual meeting of October 18, 1935

- a. 3,489 shares voted by stockholders in person.
- b. 802,947 shares voted by officers and directors as proxy.
- c. 300 shares voted by others as proxy.
- d. 806,226 total shares voted by officers and directors, shown separately:

Personal holdings:

C. C. Herndon	2,500
Richard T. Lyons	579
Henry C. Olcott	200

3,279

As proxy:

F. T. Hopp	100
C. C. Herndon and W. G. Skelly, as joint proxy	245,290
Jos. G. Carey and Chas. E. Hane, as joint proxy	557,557

802,947

(NOTE.—Above figures do not include 33,268 shares of preferred stock voted at the meeting.)

1936

Special meeting of January 3, 1936

- a. (None) shares voted by stockholders in person.
- b. 760,177 shares voted by officers and directors as proxy.
- c. (None) shares voted by others as proxy.
- d. 760,177 total shares voted by officers and directors, shown separately:

Personal holdings:

(None.)

As proxy:

Jos. G. Carey, Chas. E. Hane, Henry C. Olcott and Richard T. Lyons as proxy committee	760,177
---	---------

(NOTE.—Above figures do not include 39,811 shares of preferred stock voted at the meeting.)

Special meeting of May 1, 1936

- a. (None) shares voted by stockholders in person.
- b. 750,170 shares voted by officers and directors as proxy.
- c. (None) shares voted by others as proxy.
- d. 750,170 total shares voted by officers and directors, shown separately:

Personal holdings:

(None.)

As proxy:

Jos. G. Carey and Chas. E. Hane, as joint proxy	557, 557
Jos. G. Carey, Chas. E. Hane, W. G. Skelly and C. C. Herndon, as proxy committee	192, 613

750, 170

(NOTE.—Above figures do not include 41,857 shares of preferred stock represented at the meeting.)

Adjourned special meeting of June 1, 1936

(Adjourned from May 1, 1936)

- a. (None) shares voted by stockholders in person.
- b. 775,195 shares voted by officers and directors as proxy.
- c. (None) shares voted by others as proxy.
- d. 775,195 total shares voted by officers and directors, shown separately:

Personal holdings:

(None.)

As proxy:

Jos. G. Carey and Chas. E. Hane, as joint proxy	557, 557
Jos. G. Carey, Chas. E. Hane, W. G. Skelly and C. C. Herndon, as proxy committee	217, 638

775, 195

(NOTE.—Above figures do not include 42,087 shares of preferred stock represented at the meeting.)

Adjourned special meeting of July 1, 1936

(Adjourned from June 1, 1936)

- a. (None) shares voted by stockholders in person.
- b. 775,195 shares voted by officers and directors as proxy.
- c. (None) shares voted by others as proxy.
- d. 775,195 total shares voted by officers and directors, shown separately:

Personal holdings:

(None.)

As proxy:

Jos. G. Carey and Chas. E. Hane, as joint proxy	557, 557
Jos. G. Carey, Chas. E. Hane, W. G. Skelly and C. C. Herndon, as Proxy Committee	217, 638

775, 195

(NOTE.—Above figures do not include 42,087 shares of Preferred Stock represented at the meeting.)

Adjourned special meeting of September 1, 1936

(Adjourned from July 1, 1936)

- a. (None) shares voted by stockholders in person.
- b. 775,195 shares voted by officers and directors as proxy.
- c. (None) shares voted by others as proxy.
- d. 775,195 total shares voted by officers and directors, shown separately:

Personal holdings:

(None.)

As proxy:

Jos. G. Carey and Chas. E. Hane, as joint proxy-----	557, 557
Jos. G. Carey, Chas. E. Hane, W. G. Skelly and C. C. Herndon, as Proxy Committee-----	217, 638
	<hr/> 775, 195

(NOTE.—Above figures do not include 42,087 shares of Preferred Stock represented at the meeting.)

Annual meeting of October 19, 1936

- a. 1,000 shares voted by stockholders in person.
- b. 869,722 shares voted by officers and directors as proxy.
- c. (None) shares voted by others as proxy.
- d. 870,722 total shares voted by officers and directors, shown separately:

Personal holdings:

Richard T. Lyons----- 1, 000

As proxy:

Jos. G. Carey and Chas. E. Hane, as joint proxy-----	557, 557
Jos. G. Carey, Chas. E. Hane, W. G. Skelly and C. C. Herndon, as proxy committee-----	312, 165
	<hr/> 869, 722

(NOTE.—Above figures do not include 28,262 shares of preferred stock voted at the meeting.)

1937

Annual meeting of October 18, 1937

- a. 2,366 shares voted by stockholders in person.
- b. 702,765 shares voted by officers and directors as proxy.
- c. 705 shares voted by others as proxy.
- d. 702,765 total shares voted by officers and directors, shown separately:

Personal holdings:

(None)

As proxy:

C. C. Herndon, W. G. Skelly, Emil Kluth and Arch H. Hyden, as proxy committee-----	702, 765
---	----------

(NOTE.—The preferred stock was not eligible to vote at the meeting.)

1938

Annual meeting of October 18, 1938

- a. (None) shares voted by stockholders in person.
- b. 735,945 shares voted by officers and directors as proxy.
- c. (None) shares voted by others as proxy.
- d. 735,945 total shares voted by officers and directors, shown separately:

Personal holdings:

(None)

As proxy:

C. C. Herndon, W. G. Skelly, Emil Kluth and Arch H. Hyden, as proxy committee-----	735, 945.
---	-----------

(NOTE.—The preferred stock was not eligible to vote at the meeting.)

MAY 24, 1939.

SOCONY-VACUUM OIL COMPANY, INCORPORATED, 26 BROADWAY, NEW YORK, N. Y.

Item 33.—With regard to all meetings of stockholders of the Reporting Company held during each of the years 1929 to 1938, both inclusive, submit a statement showing:

Date of Meeting	A Shares Voted by Stockholders in Person	B Shares Voted by Proxy Exercised by Company Officers and Directors	C Shares Voted by Proxy Exercised by Other than Company Officers and Directors	D Total Shares Voted by each Officer and Director both as to personal holdings and by proxy		
				Name	Personal Holding	Proxy
May 31, 1929 (Annual): Proposition #1.....	136	12,288,893	None	H. L. Pratt..... H. E. Cole..... C. F. Meyer.....	(See note)	12,288,678 200 15
Proposition #2.....	136	12,289,418	None	H. L. Pratt..... H. E. Cole..... C. F. Meyer.....		12,289,203 200 15
May 29, 1930 (Annual)...	65,764	12,650,569	None	H. L. Pratt..... H. E. Cole..... C. F. Meyer..... F. Ewing.....		12,650,325 194 40 10
May 28, 1931 (Annual)...	55,241	12,964,139	None	H. L. Pratt..... C. F. Meyer.....		12,964,012 127
July 30, 1931 (Special): Proposition #1.....	942	13,472,926	20	C. F. Meyer.....		13,472,926
Proposition #2.....	802	13,472,206	20	C. F. Meyer.....		13,472,206
May 26, 1932 (Annual)...	230	22,674,788	None	H. L. Pratt..... F. S. Fales.....		22,674,716 72
May 25, 1933 (Annual)...	4,967	21,472,529	None	H. L. Pratt.....		21,472,529
December 14, 1933 (Special).	3,340	23,815,253	12,507	C. E. Arnott.....		23,815,253
May 31, 1934 (Annual): Election.....	38,070	22,990,178	26,323	F. S. Fales..... A. F. Corwin..... H. F. Sheets.....		22,989,542 278 358
Proposition #1.....	37,632	22,986,105	26,323	F. S. Fales..... A. F. Corwin..... H. F. Sheets.....		22,985,469 278 358
Proposition #2.....	38,156	22,985,438	19,258	F. S. Fales..... A. F. Corwin..... H. F. Sheets.....		22,984,802 278 358
Proposition #3.....	37,374	22,981,855	7,225	F. S. Fales..... A. F. Corwin..... H. F. Sheets.....		22,981,219 278 358
May 31, 1935 (Annual)...	2,665	20,977,646	43,961	F. S. Fales..... A. F. Corwin..... H. F. Sheets..... J. A. Brown.....		20,977,402 137 90 17
May 28, 1936 (Annual)...	2,975	20,186,777	12,000	F. S. Fales..... A. F. Corwin..... H. F. Sheets.....		20,186,495 185 97
May 27, 1937 (Annual)...	5,765	20,665,670	14,000	F. S. Fales..... A. F. Corwin.....		20,665,345 325
May 26, 1938 (Annual)...	90,696	21,231,093	3,739	F. S. Fales..... E. R. Brown..... H. F. Sheets.....		21,230,667 374 52

NOTE.—Records now available do not show number of shares actually voted by individual directors at meetings, it having been the practice at most meetings for each director to give a proxy for his shares to the director designated by the management to vote all shares represented at the meeting through proxies on the form sent out by the management.

STANDARD OIL COMPANY (INDIANA)

TEMPORARY NATIONAL ECONOMIC COMMITTEE, WASHINGTON, D. C. QUESTIONNAIRE FOR OIL COMPANIES

Answer to question 33

1929

3-7-29—Annual stockholders' meeting:

Shares

A	-----	671, 599
B	-----	2, 838, 257
C	-----	4, 955, 420
D	{ R. W. Stewart } { E. G. Seubert } Proxy Committee	2, 838, 257
	{ F. T. Graham }	
	R. W. Stewart	16, 810
	E. G. Seubert	5, 058
	Allan Jackson	2, 220
	R. H. McElroy	805
	E. J. Bullock	1, 920
	Amos Ball	631
	R. E. Humphries	1, 283
	L. L. Stephens	110
	C. J. Barkdull	740

8-27-29—Special stockholders' meeting:

A	-----	24, 547
B	-----	8, 889, 822
C	-----	None
D	{ E. G. Seubert } { Allan Jackson } Proxy Committee	8, 889, 822
	{ F. T. Graham }	
	E. G. Seubert	9, 007
	Allan Jackson	3, 900
	F. T. Graham	892
	R. H. McElroy	1, 718
	E. J. Bullock	3, 916
	R. E. Humphries	1, 412
	Amos Ball	1, 250
	C. J. Barkdull	1, 295
	Gentry Cash	977
	Bruce Johnstone	150
	M. A. Traylor ¹	150

1930

3-6-30—Annual stockholders' meeting:

A	-----	28, 795
B	-----	11, 344, 119
C	-----	None
D	{ E. G. Seubert } { Allan Jackson } Proxy Committee	11, 344, 119
	{ F. T. Graham }	
	E. G. Seubert	9, 007
	Allan Jackson	2, 820
	F. T. Graham	1, 025
	R. H. McElroy	1, 729
	E. J. Bullock	4, 016
	Amos Ball	1, 250
	R. E. Humphries	2, 353
	C. J. Barkdull	1, 095
	Gentry Cash	977
	Bruce Johnstone	400
	M. A. Traylor ¹	150
	A. W. Peake ¹	659

¹ These shares not voted in person but are included in the shares voted by the Proxy Committee.

Answer to question 33—Continued

1931

5-7-31—Annual stockholders' meeting:		Shares
A	-----	36, 636
B	-----	12, 945, 277
C	-----	1, 952
D	{ E. G. Seubert } Proxy Committee	12, 945, 277
	{ Allan Jackson }	
	{ F. T. Graham }	
	E. G. Seubert	10, 408
	Allan Jackson	1, 308
	F. T. Graham	1, 023
	R. H. McElroy	1, 810
	E. J. Bullock	4, 316
	Amos Ball	950
	R. E. Humphries	523
	C. J. Barkdull	1, 100
	Bruce Johnstone	650
	A. W. Peake	659
	L. L. Stephens ¹	445
	R. E. Wilson ¹	201
	M. G. Paulus ¹	577

1932

5-5-32—Annual stockholders' meeting:		
A	-----	33, 380
B	-----	12, 012, 140
C	-----	75
D	{ E. G. Seubert } Proxy Committee	12, 012, 140
	{ F. T. Graham }	
	E. G. Seubert	10, 408
	F. T. Graham	1, 023
	R. H. McElroy	1, 310
	E. J. Bullock	4, 316
	Amos Ball	735
	R. E. Humphries	523
	C. J. Barkdull	1, 550
	M. A. Traylor	150
	Bruce Johnstone	325
	A. W. Peake	659
	L. L. Stephens	445
	R. E. Wilson	201
	M. G. Paulus	577

1933

5-4-33—Annual Stockholders' meeting:		
A	-----	40, 338
B	-----	10, 737, 474
C	-----	1, 490
D	{ E. G. Seubert } Proxy Committee	10, 737, 474
	{ Allan Jackson }	
	{ F. T. Graham }	
	E. G. Seubert	12, 021
	Allan Jackson	2, 169
	F. T. Graham	1, 272
	R. H. McElroy	1, 591
	E. J. Bullock	5, 052
	Amos Ball	1, 335
	C. J. Barkdull	2, 100
	Bruce Johnstone	300
	L. L. Stephens	948
	R. E. Wilson	534
	M. G. Paulus	831
	A. W. Peake ¹	1, 071

¹ These shares not voted in person but are included in shares voted by the Proxy Committee.

Answer to question 33—Continued

1934

4-5-34—Annual stockholders' meeting:		Shares
A	-----	41, 436
B	-----	9, 515, 016
C	-----	125
D	{ E. G. Seubert } Proxy Committee	9, 515, 016
	{ C. J. Barkdull }	
	{ Allan Jackson }	
	E. G. Seubert	12, 021
	C. J. Barkdull	2, 100
	Allan Jackson	861
	R. H. McElroy	2, 383
	E. J. Bullock	5, 052
	Amos Ball	1, 335
	A. W. Peake	1, 071
	L. L. Stephens	948
	R. E. Wilson	600
	M. G. Paulus	831
	F. T. Graham	1, 272
	H. F. Glair ¹	215

1935

4-25-35—Annual stockholders' meeting:		
A	-----	38, 205
B	-----	9, 823, 263
C	-----	263
D	{ E. G. Seubert } Proxy Committee	9, 823, 263
	{ C. J. Barkdull }	
	{ Allan Jackson }	
	E. G. Seubert	12, 021
	C. J. Barkdull	2, 100
	Allan Jackson	861
	R. H. McElroy	2, 385
	E. J. Bullock	5, 052
	Amos Ball	1, 335
	L. L. Stephens	948
	M. G. Paulus	831
	H. F. Glair	215
	F. T. Graham	1, 284
	Bruce Johnstone ¹	100
	A. W. Peake ¹	1, 071

1936

4-30-36—Annual stockholders' meeting:		
A	-----	45, 702
B	-----	10, 076, 691
C	-----	125
D	{ E. G. Seubert } Proxy Committee	10, 076, 691
	{ C. J. Barkdull }	
	{ Allan Jackson }	
	E. G. Seubert	14, 313
	C. J. Barkdull	2, 999
	Allan Jackson	1, 539
	R. H. McElroy	3, 101
	E. J. Bullock	5, 747
	Amos Ball	2, 177
	Bruce Johnstone	100
	A. W. Peake	1, 751
	M. G. Paulus	1, 423
	H. F. Glair	658
	F. T. Graham	1, 621
	L. L. Stephens ¹	1, 761

¹ These shares not voted in person but are included in the shares voted by the Proxy Committee.

Answer to question 33—Continued

1937

4-29-37—Annual stockholders' meeting:

Shares

A	-----	37, 522
B	-----	10, 603, 519
C	-----	2, 960
D	{ E. G. Seubert } Proxy Committee	10, 603, 519
	{ C. J. Barkdull }	
	{ Allan Jackson }	
	E. G. Seubert	14, 313
	C. J. Barkdull	2, 999
	Allan Jackson	100
	R. H. McElroy	3, 101
	Amos Ball	2, 177
	A. W. Peake	1, 751
	L. L. Stephens	1, 761
	M. G. Paulus	1, 423
	H. F. Glair	352
	J. F. Stone	700
	E. J. Bullock ¹	5, 047
	Bruce Johnstone ¹	100
	F. T. Graham ¹	1, 521

1938

4-28-38—Annual stockholders' meeting:

A	-----	41, 561
B	-----	10, 513, 896
C	-----	225
D	{ E. G. Seubert } Proxy Committee	10, 513, 896
	{ C. J. Barkdull }	
	{ Allan Jackson }	
	E. G. Seubert	14, 313
	C. J. Barkdull	2, 999
	Allan Jackson	100
	J. F. Stone ²	25, 573
	E. J. Bullock	5, 047
	Amos Ball	2, 177
	Bruce Johnstone	125
	A. W. Peake	1, 751
	L. L. Stephens	1, 761
	M. G. Paulus	1, 423
	H. F. Glair	352
	R. F. McConnell ²	645
	F. T. Graham ²	1, 521

¹ These shares not voted in person but are included in the shares voted by the Proxy Committee.² 24,873 shares voted by proxy.

Answer to question 33—Continued

12-22-38—Special stockholders' meeting:

	Shares
A-----	42, 436
B-----	9, 229, 506
C-----	96
D { E. G. Seubert } Proxy Committee-----	9, 229, 506
{ C. J. Barkdull }	
{ Allan Jackson }	
E. G. Seubert-----	15, 961
C. J. Barkdull-----	3, 848
Allan Jackson-----	100
J. F. Stone-----	700
A. W. Peake-----	2, 409
Amos Ball-----	2, 924
E. J. Bullock-----	5, 914
M. G. Paulus-----	2, 026
H. F. Glair-----	788
R. F. McConnell-----	853
L. L. Stephens-----	2, 554
F. T. Graham ¹ -----	1, 788
Bruce Johnstone ¹ -----	125

¹ These shares not voted in person but are included in the shares voted by the Proxy Committee.

STANDARD OIL COMPANY (N. J.)

33. Statement with regard to all meetings of stockholders held during each of the years 1929 to 1938, both inclusive, showing:

Year	(a) Shares of Capital Stock voted by Stockholders in Person	(b) Shares of Capital Stock voted by Proxy exercised by Company Officers and Directors	(c) Shares voted by Proxy exercised by Other than Company Officers and Directors	(d) Total shares of stock voted by each officer and director at each meeting both as to personal holding and by proxy
1929-----	None	17, 418, 614	None	NOTE.—Personal holdings of each officer and director are voted by proxy by the directors casting the vote as proxy, and are included in column "b" of this statement.
1930-----	132	18, 880, 976	None	
1931-----	859	17, 021, 303	None	
1932-----	None	18, 765, 286	None	
1933-----	36	18, 199, 954	None	
1934-----	10	17, 802, 685	37, 961	
1935-----	45	18, 345, 139	45, 548	
1936-----	18	18, 882, 776	39, 503	
1937-----	563	18, 706, 798	34, 824	
1938-----	734	18, 590, 845	5, 089	

STANDARD OIL COMPANY (OHIO)

EXHIBIT # 13. *Dates of meetings of stockholders of the Standard Oil Company, an Ohio corporation, and record of the votes cast at those meetings*

	April 1, 1929	April 7, 1930	October 13, 1930	January 16, 1931	April 6, 1931	October 2, 1931	April 4, 1932
(a)-----	1, 149	930	471	200			25
(b)-----	368, 065	401, 802	418, 688	401, 074	573, 734	503, 808	556, 854
(c)-----							
Totals-----	369, 214	402, 732	419, 159	401, 274	573, 734	503, 808	556, 879

	April 3, 1933	April 2, 1934	April 1, 1935	April 6, 1936	April 5, 1937	April 4, 1938
(a)-----	100		710	630	100	200
(b)-----	560, 559	522, 618	548, 632	565, 750	549, 758	562, 585
(c)-----	800					6, 538
Totals-----	561, 459	522, 618	549, 342	566, 380	549, 858	569, 733

(d) It is not customary for officers and directors of the company to vote their own shares, and in many instances such shares have not been voted at all. If and when voted, it has usually been accomplished through a proxy or proxies. Officers and directors when serving as proxies do not cast separate ballots, but instead join in signing one ballot for all shares on which the voting rights have been proxied to them.

SUN OIL COMPANY

33. With regard to all meetings of stockholders of the reporting company held during each of the years 1929 to 1938, both inclusive, submit a statement showing:

- Shares of capital stock voted by stockholders in person.
- Shares of capital stock voted by proxy exercised by company officers and directors.
- Shares voted by proxy exercised by other than company officers and directors.
- Total shares of stock voted by each officer and director at each meeting, both as to personal holdings and by proxy, shown separately.

Date of Stockholders Meeting	Shares of Capital Stock Voted By—		
	Stockholders In Person	Proxy Exer- cised by Officers & Directors	Proxy Exer- cised by other Than Officers and Directors
March 12, 1929-----	24, 462	1, 128, 365	None
March 11, 1930-----	50, 122	1, 208, 799	None
March 10, 1931-----	84, 025	1, 308, 379	None
March 8, 1932-----	123, 701	1, 293, 221	None
March 14, 1933-----	120, 193	1, 256, 561	None
March 13, 1934-----	107, 462	1, 465, 788	None
March 12, 1935-----	238, 775	1, 489, 181	None
March 10, 1936-----	592, 666	1, 201, 590	None
March 9, 1937-----	400, 278	1, 530, 362	None
March 8, 1938-----	360, 124	1, 723, 178	None

Total Shares of Stock Voted by Each Officer & Director

	J. Howard Pew		J. N. Pew, Jr.	
	Personal Holdings	By Proxy	Personal Holdings	By Proxy
March 12, 1929			14,213	991,471
March 11, 1930	30,822	965,177		
March 10, 1931	32,596	1,026,757	16,888	127,224
March 8, 1932	32,861	1,025,755	19,056	152,366
March 14, 1933	43,835	770,514	33,323	354,266
March 13, 1934	59,211	1,297,090		
March 12, 1935	190,632	1,232,116		
March 10, 1936	268,810	535,637	248,588	386,788
March 9, 1937			260,314	1,180,205
March 8, 1938	304,015	1,341,172		
	Frank Cross		J. Edgar Pew	
	Personal Holdings	By Proxy	Personal Holdings	By Proxy
March 12, 1929	6,472	136,894		
March 11, 1930	7,164	243,622		
March 10, 1931	7,810	154,398		
March 8, 1932	7,949	115,100		
March 14, 1933	7,048	131,781		
March 13, 1934	7,720	158,698	11,557	
March 12, 1935	7,763	257,065	7,463	
March 10, 1936	7,890	279,165	8,283	
March 9, 1937	8,312	350,157	8,834	
March 8, 1938	8,906	382,006		
	Arthur E. Pew, Jr.		Samuel B. Eckert	
	Personal Holdings	By Proxy	Personal Holdings	By Proxy
March 12, 1929				
March 11, 1930			10,086	
March 10, 1931	15,300		11,104	
March 8, 1932	33,653		11,256	
March 14, 1933	34,720			
March 13, 1934			12,855	
March 12, 1935			13,922	
March 10, 1936	40,756			
March 9, 1937	42,825		15,632	
March 8, 1938			15,883	
	Robert E. Lamberton		John G. Pew	
	Personal Holdings	By Proxy	Personal Holdings	By Proxy
March 12, 1929	1,780			
March 11, 1930	2,050			
March 10, 1931				
March 8, 1932			17,879	
March 14, 1933			17,879	
March 13, 1934			15,895	
March 12, 1935			16,473	
March 10, 1936			15,814	
March 9, 1937				
March 8, 1938			17,709	

[illegible]

TIDE WATER ASSOCIATED OIL COMPANY

Answer to question 93—Certain information regarding shares voted at annual meetings 1929 to 1938 inclusive

	May 2, 1929	May 1, 1930	May 7, 1931	May 5, 1932	May 4, 1933	May 3, 1934	May 2, 1935	May 7, 1936	Novem- ber 18, 1936	May 6, 1937	May 5, 1938
(A) Shares of Capital Stock voted by stockholders in person.....	16,659	40,094	33,677	34,407	23,382	32,421	9,184	1,971	1,269	8,730	7,992
(B) Shares of capital stock voted by proxy exercised by com- pany officers or directors. (Management Proxy Com- mittee).....	3,153,087	4,221,799	4,435,898	3,895,716	4,295,412	4,170,969	3,819,415	4,101,233	5,289,265	4,898,237	4,435,370
(C) Shares voted by proxy exercised by other than company officers and directors (Opposition) Total shares of stock voted by each officer and director at each meeting, both as to personal holdings and by proxy, shown separately:	{ Not available }	{ Not available }	{ Not available }	{ Not available }	{ Not available }	{ Not available }	{ 1,040,755 }	952,337	None	None	None
(D) Alden Anderson, director, elected May 25, 1933								355	397	355	355
George N. Armshy, director, elected May 5, 1932						155	11,155	0	0	0	0
L. F. Bayer, director & V. P., elected Dec. 14, 1936						0	0	150	250	7,826	7,826
Carl H. Beal, director, elected May 6, 1937											195,900
Adolphe Boissevain, director, elected Feb. 8, 1935							0	50	500	500	600
Axtell J. Byles, director & Pres., resigned May 25, 1933											2,000
Charles M. Cadman, director, elected Dec. 18, 1936										0	0
J. A. Chanslor, director, elected Dec. 14, 1936										0	0
William A. Coulter, director, elected May 7, 1931, resigned Feb. 8, 1935											
Henry W. De F. rest, director, elected Mar. 5, 1926, deceased May 28, 1938					10,165						
B. J. Graves, director & V. P., elected Dec. 14, 1936					0	0	0	0	0	15	4,237
J. Paul Getty, director, elected May 4, 1933, resigned May 7, 1936						0	0	0	0	0	0
H. Paul Grimm, director, elected May 3, 1934											0
Frank Haskell, director, elected Dec. 14, 1936										47,278	47,278
John Hertz, director, elected May 6, 1937										0	0
John Jay Hopkins, director, elected May 6, 1937											0
William F. Humphrey, director & Pres., elected Apr. 1, 1926											0
L. D. Jurs, director & V. P., elected Dec. 14, 1936											33,089
Robert McKelvy, director & V. P., elected Mar. 5, 1926, deceased Dec. 9, 1937						3,460	8,410	9,310	9,660	32,389	9,068
R. B. Pringle, director & V. P., elected Dec. 18, 1936					11,815	12,488	12,388	13,938	12,738	12,738	8,375
Noel Robinson, director & V. P., elected Dec. 14, 1936										8,740	2,518
Edward H. Salrin, director & V. P., elected May 25, 1933										2,838	8,016
R. M. Sands, director, elected May 7, 1936, deceased May 20, 1937						1,316	1,666	1,966	2,066	2,816	
									{ 127,165 100 }		

UNION OIL COMPANY OF CALIFORNIA

[Schedule XIII]

Shares of Capital Stock voted by proxy exercised by company officers and directors at Annual Meetings of Stockholders held during the years 1929 to 1938 inclusive:

1929 ¹ -----	3, 070, 503	1934-----	2, 839, 313
1930 ¹ -----	3, 515, 602	1935-----	3, 044, 152
1931 ¹ -----	3, 655, 422	1936-----	2, 952, 825
1932 ¹ -----	3, 667, 920	1937-----	3, 010, 944
1933-----	3, 209, 419	1938-----	3, 064, 680

¹ Includes shares owned by Union Oil Associates. The Union Oil Associates was merged with and into Union Oil Company of California in December, 1932.

Shares of Capital Stock voted by proxy exercised by other than company officers and directors at Annual Meetings of Stockholders held during the years 1929 to 1938 inclusive:

1929-----	993	1934-----	38, 403
1930-----	37, 683	1935-----	43, 536
1931-----	-----	1936-----	43, 316
1932-----	606	1937-----	34, 988
1933-----	4, 855	1938-----	39, 266

Shares of Capital Stock voted by stockholders in person at Annual Meetings of Stockholders held during the years 1929 to 1938 inclusive:

1929-----	32, 806	1934-----	171, 093
1930-----	27, 226	1935-----	158, 801
1931-----	19, 383	1936-----	138, 681
1932-----	25, 433	1937-----	119, 158
1933-----	245, 405	1938-----	126, 198

EXHIBIT No. 1315

STATEMENT PREPARED FOR THE TEMPORARY NATIONAL ECONOMIC COMMITTEE

(Based upon replies furnished by oil companies in reply to Question 32 and supplementary question to Items 11 k (1) and 11 k (2) of Questionnaire of the Temporary National Economic Committee—"Exhibit No. 1137")

STATEMENT B

By Christopher Del Sesto, Special Assistant to the Attorney General, Department of Justice, Washington, D. C.

The staff of the Temporary National Economic Committee requested that I review the replies submitted by the oil companies in response to the questionnaire of this Committee with respect to (a) the cost of gasoline at the refinery gate and the costing policies of the oil companies, and (b) the classification of income by branches and departments of the business. This statement is a brief summary based upon the material furnished by the oil companies to this Committee.

Two questions are being constantly asked in the petroleum industry—

1. What is the cost of gasoline, the principal product of petroleum, at the refinery gate?

2. Which of the four branches of the petroleum industry are profitable and which are unprofitable; is any one branch of the industry used to subsidize another branch or branches of the industry?

Notwithstanding efforts on the part of this Committee to obtain answers to these two questions, they have not yet been answered satisfactorily.

(1.) With respect to the cost of gasoline, some of the major oil companies have taken the position that it is impossible to compute its cost; others have so qualified the data submitted that it is of no practical value; while others have furnished satisfactory data.

i The matter of determining unit costs is of great importance in the petroleum industry. This industry is engaged in exploiting a diminishing natural resource considered next to food in importance in our national economy. Consequently, both the Federal Government and the state governments have a vital interest in this industry.

Furthermore, since proration of crude oil production has now become an accepted policy in the petroleum industry, it is important that exact unit cost be determined, not only for refining, but for all other processes. The evidence before this Committee has indicated that proration is to some extent guided by price and that it necessarily affects price. Since proration is so intimately related to the price structure of petroleum, it would seem, therefore, highly desirable, if not absolutely necessary, that the cost of production be known by those most vitally concerned—the regulating authorities and the consuming public. The episode of recent months, when some of the oil producing states shut down oil wells in order to restore the price of crude oil to the level existing prior to the recent cuts in prices averaging approximately twenty cents per barrel, cannot be intelligently judged unless it can be determined from accurate costs what a fair price for crude oil should be.

The matter of costs of a basic commodity such as gasoline is now of even greater interest because of the current charges of profiteering in connection with certain commodities during the present limited emergency. The President in his letter of September 29, 1939, to the Chairman of this Committee stated:

"All of us, of course, want to see producers, middlemen and retailers receive fair prices for what they sell, and all of us recognize that, in certain fields, such fair prices are probably not as yet being received. But none of us wants to see the cost of living unjustifiably increased or prices become so unreasonably high as to interfere with our national defense.

"It seems to me, therefore, that during this period, the TNEC might well keep a constant eye on increases in prices of our basic materials and, in the

light of past and present circumstances, study the facts to determine whether there is profiteering, or whether such increases are legitimate."

How can this Committee ascertain if increases in prices are legitimate or not, if costs cannot be determined? If costs are not known, how can this Committee determine if profits are reasonable?

While the petroleum industry has been investigated and studied from time to time, those making the investigations and studies have been handicapped by the lack of accurate and comparable data as to costs. Consequently, the subject of costs and profits have been in many cases mere academic economic discussions with no satisfactory conclusions.

In view of this circumstance, this Committee may wish to consider the desirability of legislation requiring large companies dealing in basic commodities and who are engaged in interstate commerce to adopt uniform accounting and cost systems. It appears from the answers in response to this Committee's questionnaire that, in the absence of such uniform accounting or cost systems, no informed judgment is possible on any economic question of the utmost importance to the people of this country.

(2) With respect to the analysis of income by branches of the industry, some of the major oil companies stated that such a classification was impossible; others stated that assets could be allocated by branches of the industry, but that revenue could not; others did furnish the data to the Committee, although in some case there were substantial qualifications.

If it is true that these large organizations in the petroleum industry are unable to determine the classification of their assets and income by various branches of the industry, this raises a broad issue with respect to the study of the concentration of economic wealth and power in this country. These questions might well be raised by this Committee:

Can it be that, when a corporation reaches beyond a certain size, it is impossible for its officials to make a proper accounting of its affairs?

Can it be that, when a corporation reaches beyond a certain size, that the management itself is unable to determine which of the various segments of the enterprise are profitable and which are unprofitable?

Can it be that large enterprises are able to exist, regardless of their efficiency or inefficiency, by the sheer momentum of size though the management may not know how the enterprises are progressing in their various fields?

If the answer to these questions should be in the affirmative, it is a matter of great concern to this country and should be pursued in greater detail by this Committee. A large corporation such as the Standard Oil Company (New Jersey), for example, which utilizes over two billion dollars in capital has a tremendous effect upon our national economy. Within the petroleum industry it must of necessity affect the prices in all four branches of the industry, and in many of the fields it is the leader because of its very size and because of the volume of business transacted by it. Can it be that such a leader in the industry, accounting for approximately one-fourth of the total assets of the twenty major oil companies, has no standard or guide by which it can determine the result of its operations in the various branches of the industry?

A discussion of the data submitted to this Committee on these two questions by the major oil companies follows:

I. COST OF GASOLINE AT THE REFINERY GATE AND COSTING POLICY OF THE MAJOR OIL COMPANIES

The Temporary National Economic Committee in its questionnaire to the oil companies asked for the cost of gasoline during the year 1938 at the refinery gate (exclusive of any selling expenses). The Committee also asked for a brief explanation of the costing policy followed by the oil companies.

Two major oil companies, Standard Oil Company (California) and Mid-Continent Petroleum Corporation, failed to reply to the Committee's questionnaire.

Three major oil companies, Shell Union Oil Corporation, Sun Oil Company, and Union Oil Company of California, maintained that unit cost data were not available and that unit costs could not be determined.

Shell Union Oil Corporation reported to the Committee as follows:

"It is a recognized principle in the oil industry that it is impossible to determine separately the costs applicable to a particular product manufactured. The costs of manufacturing finished products are joint and inseparable.

ble and the products themselves are commingled and blended before, during and after the refining process. The reporting company's subsidiary refining companies do not even, in all cases, keep the elements of cost segregated by individual refineries. In an endeavor to give information which may be useful in connection with this question, the following information is attached, viz. the total expense up to the refinery gate, the additional selling, administered and other expense, and the segregation, by volume, of products sold during 1938."

The Sun Oil Company also reported that unit costs could not be obtained and reported to the Committee as follows:

"There is no exact method for the determination of costs in a multiple product industry. The method our company follows is that of taking entire costs and applying these equally against the products produced in proportion to their gallonage. When these products are sold a profit or loss is sustained depending upon whether or not the costs as heretofore determined are greater or less than the selling price. On the theory that no profit is realized until the product is sold, this method results in an accurate determination of profits earned."

The Union Oil Company of California, in reporting that it was impossible to determine the cost of gasoline, stated to the Committee:

"The company feels it should not be called upon to furnish the information requested in this question as the determination of costs involves so many constantly varying factors, some of them more or less arbitrary, that the results obtained without detailed explanation would neither be fair to the company nor serve as an accurate basis for any computations the committee might desire to be made thereon."

Three major oil companies, Atlantic Refining Company, Socony-Vacuum Oil Company, Incorporated, and Tide Water Associated Oil Company, reported that accurate unit costs for gasoline could not be obtained. Upon further request of the Committee, however, these companies did furnish the unit costs used by them for inventory purposes during 1938.

In its original reply to the Committee, Socony-Vacuum Oil Company Incorporated, stated:

"The problem of ascertaining the net income of the several branches or activities of an integrated operation, is if anything, even more insoluble than the problem of obtaining net investment by reason of an additional factor, namely, the determination of the cost of product and services, especially the former. We have no means of knowing, or even approximating, except on a most arbitrary basis, what a gallon of gasoline "costs" our marketing department when it comes from our own refinery and is only one of many multiple products made from a single barrel of crude. It is true that, for income tax purposes and the ascertainment of surplus for dividend purposes, we must establish some "cost" for our products. Here, however, we are dealing with cost to the Company a whole, not to any of its branches, and even in this case we are compelled to use arbitrary methods. For this inventory purpose, we use a method which is primarily the sales realization method which is acceptable to accountants and tax officials generally, although it is well understood by all concerned that it is only an arbitrary approximation of something which can never be scientifically ascertained, namely, the true cost of individual products.

The best cost accountants have wrestled with this problem within the various companies, within the American Petroleum Institute and elsewhere. All agree that the question "What does a product cost?" cannot be accurately answered. Messrs. Morland and McKee in "Accounting for the Petroleum Industry" (1925); McKee in "Handbook of Petroleum Accounting" (1938); The U. S. Tariff Commission's Report to the House of Representatives on Crude Petroleum and Its Liquid Refined Products, (Report No. 30, Second Series, 1932); and the Report of the Federal Trade Commission on the Pacific Coast Petroleum Industry, Part No. 1, Production, Ownership and Profit (1921), to say nothing of other authoritative pronouncements, all unite in stating that, while the total cost of all products is easily obtainable, the cost of any one product is obtainable only on some arbitrary basis, and the cost attached to one product affects the cost of all other products. In other words, there is no way to figure the actual cost of any one product.

The Tide Water Associated Oil Company also reported, in its original report that it was impossible to determine the cost of gasoline, stating:

"We have no method of accurately computing the cost of each product manufactured from Crude Oil, chiefly due to two facts: first, because it is impossible to assign to each product its just proportion of the cost of the raw material, the largest single item of cost, and secondly, because the refining processes are continuous and there is such an interrelation between them as to make the allocation of the processing costs to individual products impossible without major arbitrary assumptions.

A number of arbitrary costing methods have been attempted to approximate costs of certain products under a given set of conditions and assumptions.

We have experimented with various methods, but in all cases arbitrary assumptions must be employed in the division of costs and value of by-products which defeat any attempt to determine profit or loss on each product by accurate costing."

One major oil company, Gulf Oil Corporation, furnished the average unit cost per barrel of crude oil refined at its various refineries, but did not allocate the cost among the various refined products produced. This company reported to the Committee that it is impractical to determine the actual per unit cost of a gallon of gasoline at the refinery gate.

Ten major oil companies, Empire Gas and Fuel Company, Consolidated Oil Corporation, Continental Oil Company, The Ohio Oil Company, Phillips Petroleum Company, The Pure Oil Company, Skelly Oil Company, Standard Oil Company (Indiana), Standard Oil Company (Ohio), and The Texas Corporation, did furnish unit cost of gasoline at the refinery gate for the year 1938.

One major oil company, Standard Oil Company (New Jersey) furnished the aggregate costs of operating the refineries of its various subsidiaries during 1938. It was asked to supplement this data by showing the per unit cost of gasoline. Under date of September 19, 1939, this company reported to the Committee that this information was being compiled and that it would be submitted as soon as ready.

A summary of the unit costs of gasoline for 1938 furnished by the ten companies referred to above, and a summary of the unit prices used for inventory purposes by the three companies mentioned above, are shown in the attached Table A. The detailed replies on this subject received from all companies, both majors and non-majors, are included in Appendix I.

In studying the unit costs furnished, it will be noted that the unit costs vary considerably not only among companies, but also among different refineries of the same company. Some of the factors which cause the variations in cost are the size of the refineries and the location of the refineries.

It should also be pointed out that some of the companies have qualified the figures presented. Consequently these qualifications should be taken into consideration in a study of the figures.

II. CLASSIFICATION OF INCOME BY BRANCHES AND DEPARTMENTS OF THE BUSINESS

The petroleum industry is divided into four branches: (1) production, (2) transportation, (3) refining and manufacturing, and (4) marketing. Many of the major oil companies operate both in the domestic field and in the foreign field. Some of the major oil companies, in addition, have investments which are not related to the petroleum industry.

The questionnaire of the Temporary National Economic Committee sought to ascertain the amount of investment by the oil companies in the various branches and departments of the business, and also the amount of income received in the various branches and departments of the business.

The replies received in response to the questionnaire varied considerably. One group of oil companies reported that it was impossible to classify either the assets or the income by branches of the industry. A second group reported that, while assets could be classified according to the various branches or departments of the business, it was impossible to classify income. A third group furnished information showing an analysis of the assets and income by various branches of the industry, although in some cases there were numerous qualifications to the data furnished.

Three companies, Standard Oil Company of California, Mid-Continent Petroleum Corporation and The Atlantic Refining Company have not furnished the analysis requested by the Committee, at the time of this report.

Among the companies which reported that the data requested could not be furnished were Standard Oil Company (New Jersey), Sun Oil Company, The Texas Corporation, and Tide Water Associated Oil Company.

In a letter dated September 1, 1939, J. Howard Pew, President of the Sun Oil Company stated as follows:

"In a mass-production industry it is impossible to accurately determine the income that accrues in any particular branch or division. None of the several arbitrary methods for determining the effectiveness of interdepartmental operations is of value excepting only for purposes of comparison, and no two such methods produce like results. The very breaking down of the industry into divisions is purely arbitrary, as no two integrated companies would agree as to the activities that should be allocated to each division. In the ultimate determination of our profits or losses we take the total amount of money received from the sale of all our products and from this deduct all our operating costs, including those of transportation, and the difference is our profit or loss.

"As regards the analysis of consolidated assets covered in the form which you sent us, it is obviously impossible to break down the cash in the banks so that a part of this cash should appear as a credit to each of these arbitrary divisions. The same reasoning applies to practically all current assets."

The Texas Corporation, through George W. Ray, Esq., attorney, stated in a letter of August 28, 1939, as follows:

"Your letter of August 14th to The Texas Corporation has been referred to me for reply.

"It is impossible to compile the data you request by September 5th, 1939 or by September 18th, 1939.

"Furthermore, the information requested involves the use of so many arbitrary assumptions that the information when compiled, in our opinion, would be valueless.

"I assume that in view of this you will withdraw your request for the additional information."

George J. Murray, Jr., Assistant to the President of Tide Water Associated Oil Company, in a letter to the Secretary of the Committee, dated September 8, 1939, stated:

"We have again carefully considered what information might be given to the Committee indicating divisional profits of our Company. If in my conversation with you I failed to make it clear, please be advised that our Company has not adopted and is not using an accounting system designed to reflect profits by divisions. The development of such an accounting system has been considered by our executives from time to time but it has always been recognized that the profits of the divisions of an integrated oil company can only be estimated by arbitrarily assigning to each division a profit on products or services supplied to other divisions of the Company. Another circumstance making it impracticable in our opinion to determine divisional profits is the fact, as you will appreciate, that several classes of important assets and liabilities, and carrying charges, cannot readily be apportioned and allocated to the various operating divisions of the Company, although all divisions share in such assets, liabilities and carrying charges and would have to consider them in determining divisional profits. Also, we consider that it is impossible to determine what proportions of the capital stock and surplus of the Company may be said to be employed by the various branches of our Company. Therefore, for the foregoing reasons, our executives have always believed it impracticable to determine a basis for such interdivisional profits, and for that reason the income of the Company is determined and considered only on a consolidated basis for the Company as a whole. It has always been thought that an inter-divisional profit system would be meaningless and of no value by reason of arbitrary assumptions necessary for the computation of divisional profits.

"For the foregoing reasons, I regret to advise again that we cannot give you any information regarding divisional profits. Please be assured that we wish to cooperate with the Committee in its investigation, but we cannot furnish the requested information because it is not available and we know of no practicable manner in which to prepare it."

The second group of companies which stated that, while assets could be classified by branches and departments of the business, it was impossible to classify income, were Socony-Vacuum Oil Company, Inc. and Shell Union Oil Corporation.

Socony-Vacuum Oil Company, through Carl E. Kieser, Esq. Counsel, reported to the Committee on September 1, 1939 as follows:

"This is in reply to your letter of August 14th in which you ask for an analysis, supplemental to items 11-k (1) and 11-k (2), of our assets and income classified by branches or departments for each of the years 1936, 1937 and 1938.

"For the reasons indicated in our original answer to question 11, to which we refer you, we have not found any satisfactory formula which will give us a sound and correct analysis of the kind you seek. To make any such breakdown it will be necessary to use many arbitrary formulae. Arbitrary departmental allocations will not reflect the true relationship of our departments and functions. Our business is so completely integrated that it is not logical to consider it as broken up into separate parts.

"No profits are realized until the product is finally disposed of; and the price which is then obtained establishes the profit for all activities. An intermediate department, such as refining, cannot be said to make a profit by making goods and then transferring the inventory to another department at an arbitrary figure.

"Throughout the entire study made by your Committee we have cooperated full despite the burden and expense involved, and it is in this same spirit that we are now submitting to you a partial analysis showing those assets which with some degree of soundness may be specifically assigned to the departments or functions indicated in your letter. The qualification 'some degree of soundness' has been used because, even in the case of such items as fixed assets, which at first blush would seem to be easily assignable to a given function, we find numerous instances where a plant is being used for two or more functions. To illustrate, a tank at a refinery may be used part of the time for refining purposes and at other times for marketing storage. We even have cases where certain substantial items of equipment are used for as many as three functions."

Shell Union Oil Corporation reported to the Committee on September 1, 1939 as follows:

"We have your letter of August 14th requesting additional information in connection with items 11-k (1) and 11-k (2) of your original "Questionnaire for Oil Companies."

"We have again gone quite thoroughly into this matter of segregating assets as well as income on a departmental basis and we attach information which we have compiled from our own records and those of our subsidiary companies.

"In connection with the attached analysis of assets, we should like to point out that we have had to resort to approximations and estimates in making some of these allocations of intangible assets, cash and the like. The attached segregation of assets, therefore, is not as carried in our own books of account and has been especially prepared in an endeavor to meet your particular request.

"In connection with the request for segregation of gross revenue and net income, we must again refer you to our previous letter dated May 27, 1939. Our companies operate on the basis of a single unit and we do not know of any satisfactory basis of theoretically calculating the net income for various divisions or departments."

The third group of companies which did furnish classification of assets and income by branches of the industry include:

- Empire Gas and Fuel Company
- Arkansas Fuel Oil Company
- Cities Service Oil Company (Pa.)
- Consolidated Oil Corporation
- Continental Oil Company
- Gulf Oil Corporation
- Skelly Oil Company
- Standard Oil Company (Indiana)
- Standard Oil Company (Ohio)

Union Oil Company of California
The Ohio Oil Company
Phillips Petroleum Company
The Pure Oil Company

The results reported by this third group will be discussed in detail. From a review of the replies furnished to the Committee, it is apparent that the transportation branch of the industry, in terms of rate of return on assets used, is the most profitable of the four branches. On the same basis the marketing branch is the least profitable. The data submitted seems to support, in part at least, the charges made from time to time that in the most competitive branch of the industry—marketing—the industry suffers a loss; while in the one branch of the business in which the major oil companies have a high degree of concentration—transportation—the profits are high. It seems, therefore, that there is some merit to the charge made by non-integrated companies that the transportation branch is used in part by integrated companies to subsidize the other branches of the business, or, at least, that the rates charged in the transportation branch are too high.

The rate of return as used in this summary is computed upon the net income before interest and dividends in each branch of the industry and is compared with the total assets invested in each branch of the industry. The figures reported are those which were submitted to this Committee by the oil companies themselves. It should be pointed out that the rate of return as thus used is not necessarily the same rate of return computed by such regulatory authorities as the Interstate Commerce Commission for rate making purposes. The figures reported by the companies represent those which the companies have obtained from their own financial records or from their own statistical records. In computing the rate of return it was decided to use net income before interest and dividends as a basis so as to place all companies on a comparable basis regardless of the proportion in which their funds were received through the sale of capital stock, or by the issuance of funded debt.

The reporting major oil companies in which the transportation branch showed the highest rate of return in domestic operations are listed below with the years in which this branch was the most profitable indicated:

Arkansas Fuel Oil Company ¹	1936	1937	1938
Cities Service Oil Co. (Pa.) ¹		1937	1938
Empire Gas & Fuel Company ¹	1936		
Consolidated Oil Corporation.....	1936	1937	1938
Continental Oil Company.....		1937	1938
Gulf Oil Corporation.....	1936	1973	1938
Skelly Oil Company.....	1936	1937	1938
Standard Oil Company (Ind.).....	1936	1937	1938
Standard Oil Company (Ohio).....	1936	1937	1938
The Ohio Oil Company.....			1938
Phillips Petroleum Company.....	1936	1937	1938
The Pure Oil Company.....	1936	1937	1938

¹ Subsidiaries of Cities Service Company (Delaware).

Those companies in which the marketing branch shows the lowest rate of return in domestic operations are listed below. It will be noted that most of the companies showed losses in this branch of the business and that only three companies showed profits in any of the years covered: (The years in which profits were shown are indicated by an asterisk; in all other years there were losses.)

Arkansas Fuel Oil Company.....	1936	1937	1938
Cities Service Oil Co. (Pa.).....	1936	1937	1938
Empire Gas & Fuel Company.....	1936		1938
Consolidated Oil Corporation.....	1936	1937	1938
Continental Oil Company.....	1936	1937	1938
Skelly Oil Company..... ¹	1936	1937	1938
Standard Oil Company (Ind.).....	1936	1937	1938
The Ohio Oil Company.....	1936	1937	1938
Phillips Petroleum Company..... ¹	1936	1937	

¹ Subsidiaries of Cities Service Company (Delaware).

All replies received (both from major companies and non-majors) to the questionnaire on this subject are included in detail in Appendix II.* A summary of the replies from the reporting major companies with respect to the rate of return from the various branches follows.

* P. 9993 et seq., supra.

Some of the reporting companies qualified the data submitted, and these qualifications are included in the summary. However, even giving full consideration to these qualifications, the data do show the *trend* of the earnings and are therefore of value in determining the profitable and unprofitable branches of the industry.

The rate of return in various branches and departments of the business, and the overall rate of return for all branches and department, by companies for the years 1936 to 1938, follow (L=Loss):

ARKANSAS FUEL OIL COMPANY AND SUBSIDIARIES

	1936	1937	1938
Domestic Petroleum Branches:			
Production.....	12.3%	12.2%	9.5%
Transportation.....	12.6	28.0	29.7
Refining & Manufacturing.....	0.4(L)	2.6	10.5(L)
Marketing.....	0.8(L)	8.0(L)	11.4(L)
Other Branches:			
Foreign petroleum branches.....			
Investments (in unconsolidated petroleum affiliates).....		3.6	5.7
General investments.....			
Miscellaneous.....			
Overall rate of return.....	10.8	8.0	4.3

CITIES SERVICE OIL CO. (PA.) AND SUBSIDIARIES

	1936	1937	1938
Domestic Petroleum Branches:			
Production.....	13.0%	6.3%	6.8%
Transportation.....	8.4	13.6	12.5
Refining and Manufacturing.....	1.7	5.6	3.2(L)
Marketing.....	5.5(L)	9.0(L)	14.9(L)
Overall rate of return.....	0.8	2.1	5.2(L)

SKELLY OIL COMPANY AND SUBSIDIARIES

	1936	1937	1938
Domestic Petroleum Branches:			
Production.....	8.0%	12.0%	6.0%
Transportation.....	30.0	26.0	16.0
Refining and Manufacturing.....	21.0	19.0	3.0
Marketing.....	3.0	3.0	1.0
Other Branches:			
Investments.....	31.0	35.0	19.0
Miscellaneous.....	12.0(L)	15.0(L)	16.0(L)
Overall rate of return.....	10.0	12.0	5.0

The incoming reports, 1936-37, from general investments reported by the company include the income received from its investment from Great Lakes Pipe Line Company. This is not a subsidiary and is not controlled by the reporting company but this company uses the facilities to ship its gasoline to various points in its marketing territory. Therefore, the income thus reported can be considered as income from the transportation branch of the business.

The income for 1938 from general investments includes the income from the Great Lakes Pipe Line Company and also the income from an investment from the East Texas Refining Company in which the Skelly Oil Company had less than a majority interest.

STANDARD OIL COMPANY (INDIANA) AND SUBSIDIARIES

	1936	1937	1938
Domestic Petroleum Branches:			
Production.....	10.59%	12.05%	7.34%
Transportation.....	16.68	17.66	14.23
Refining and Manufacturing.....	16.61	12.03	2.00
Marketing.....	3.20 (L)	1.79	1.65
Other Branches:			
General investments.....	4.04	5.28	3.87
Miscellaneous.....	3.28	2.20	3.11 (L)
Overall rate of return ¹	6.76	7.85	3.93

¹ After consolidating adjustments and eliminations.

The Standard Oil Company (Indiana) in furnishing the above information suggested to the Committee that no accurate conclusion could be made from the data furnished, but that it had furnished the information simply to comply with the request of the Committee.

In explaining the segregation of income of the company to the various branches and departments, the company reported that it was its practice to transfer products from one branch or department to the other at a value based generally on the market.

The company also stated that direct expenses were allocated to the particular department involved and that indirect expenses were pro-rated on a basis acceptable to the company. It further reported that departmental income was income before the elimination of inter-company and inter-departmental transactions.

THE PURE OIL COMPANY AND SUBSIDIARIES

	1936	1937	1938
Domestic Petroleum Branches:			
Production.....	25.74%	23.83%	17.25%
Transportation.....	34.05	27.88	21.91
Refining and Manufacturing.....	42.78(L)	16.44(L)	25.17(L)
Marketing.....	4.12	2.68	0.71(L)
Other Branches:			
Investments (in unconsolidated petroleum affiliates).....	20.02	23.70	15.65
General investments.....	4.84	5.02	2.86
Miscellaneous.....	5.39	.88	2.67
Overall rate of return:			
Before elimination of intercompany accounts.....	7.59	8.06	4.25
After elimination of intercompany accounts.....	5.76	7.16	3.15

The Pure Oil Company reported that the departmental figures reported are used by the company for internal statistical purposes only and that in no sense do the figures represent comparable results if the departments are considered as independent operations. The company stated that the transfer of products by the departments is made at arbitrary prices and that it is impossible to completely segregate all costs and incomes applicable to each department.

The investments in other Consolidated Petroleum Affiliates represents the income received from an investment in a foreign subsidiary.

GULF OIL CORPORATION AND SUBSIDIARIES

	1936	1937	1938
Domestic Petroleum Branches:			
Production.....	13.0%	11.0%	5.0%
Transportation.....	18.0	23.0	23.0
Refining and Manufacturing.....	1.0 (L)	0.4 (L)	13.0 (L)
Marketing.....	1.0	3.0	5.0
Other Branches:			
Foreign petroleum branches.....	7.0	6.0	7.0
Investments (in unconsolidated petroleum affiliates).....	5.0	4.0	1.0
General investments.....	32.0	33.0	23.0
Miscellaneous.....	52.0 (L)	32.0 (L)	40.0 (L)
Overall rate of return.....	4.0	6.0	3.0

THE OHIO OIL COMPANY AND SUBSIDIARIES

	1936	1937	1938
Domestic Petroleum Branches:			
Production.....	5.29%	8.13%	3.29%
Transportation.....	17.07	25.17	22.82
Refining and Manufacturing.....	28.57	30.77	4.76 (L)
Marketing.....	9.00 (L)	9.17 (L)	9.17 (L)
Other Branches:			
Investments (in unconsolidated petroleum affiliates).....			
General Investments.....	1.68	2.94	2.00
Miscellaneous.....		77.78	
Overall rate of return.....	5.99	9.29	4.04

PHILLIPS PETROLEUM COMPANY AND SUBSIDIARIES

	1936	1937	1938
Domestic Petroleum Branches:			
Production	9.18%	11.70%	3.08%
Transportation	16.42	23.33	21.55
Refining and Manufacturing	13.14	5.37	6.76 (L)
Marketing	4.03	3.30	4.46
Other Branches:			
Investments in other companies—petroleum industries (not consolidated)	31.58	32.00	15.38
General investments	50.00	133.33	33.33
Overall rate of return	9.87	11.62	4.50

EMPIRE GAS & FUEL COMPANY AND SUBSIDIARIES

Domestic Petroleum Branches:			
Production	3.2%	4.0%	3.9%
Transportation	3.5	3.8	0.01 (L)
Refining and Manufacturing	0.6 (L)	3.3 (L)	2.0 (L)
Marketing	4.4 (L)	2.9 (L)	3.9 (L)
Other Branches:			
Foreign petroleum branches			
Investments (in unconsolidated petroleum affiliates)	31.1	29.5	38.2
General Investments			
Miscellaneous	5.7	5.9	6.0
Overall rate of return	3.6	4.0	4.3

CONSOLIDATED OIL CORPORATION AND SUBSIDIARIES

Domestic Petroleum Branches:			
Production	10.0%	13.0%	5.0%
Transportation	30.0	30.0	25.0
Refining, Manufacturing and Marketing	2.0 (L)	20. (L)	4.0 (L)
Other Branches:			
Investments (in unconsolidated petroleum affiliates)	3.0		
General Investments	9.0	15.0	10.0
Miscellaneous			
Overall rate of return	5.0	7.0	3.0

Consolidated Oil Corporation, in connection with its report, submitted certain explanations which are set out in full in Appendix II.

CONTINENTAL OIL COMPANY AND SUBSIDIARIES

	1936	1937	1938
Domestic Petroleum Branches:			
Production	13.35%	20.83%	6.97%
Transportation	20.00	26.09	20.00
Refining and Manufacturing	24.06	20.29	2.76
Marketing	4.11 (L)	4.89 (L)	6.43 (L)
Other Branches:			
Investments (in unconsolidated petroleum affiliates)	5.71	16.13	9.30
General investments	31.11	35.55	40.00
Overall rate of return	9.94	13.42	4.17

Some of the qualifications of the data submitted by the company are included in its reply which is quoted in full in the Appendix.

Standard Oil Company (Ohio) and subsidiaries

	1936	1937	1938
Domestic Petroleum Branches:			
Production			
Transportation	75.98%	7.60%	8.18%
Refining and Manufacturing	4.86	3.77	2.02(L)
Marketing	6.24	6.41	6.14
Other Branches:			
Investments (in unconsolidated petroleum affiliates)	23.13	21.68	12.22
Miscellaneous			
Overall rate of return	6.89	5.33	3.12

Standard Oil Company (Ohio) submitted the following explanation with its report:

"The reporting company operates in the refining and marketing branches of the petroleum industry chiefly, to a lesser extent it is engaged in transportation of petroleum products by pipe line, truck and barge, and to an almost negligible extent, in production. The accounting methods used by the reporting company are such that the books of account of the company do not separately reflect the profits or losses of the various branches of the industry in which the reporting company is engaged. Any figures submitted, therefore, by the reporting of its profits or losses in the various branches of the industry would be purely estimates based upon assumed figures as to the inter-departmental transfer prices and arbitrary allocations of various overhead expenses, none of which are contained in the present system of company accounting."

The company's explanation of the method used in the classification of assets, gross income and net profit by branches of the industry is quoted in full in Appendix II.

UNION OIL COMPANY OF CALIFORNIA AND SUBSIDIARIES

The Union Oil Company of California segregated gross revenue by departments and prices of the business but did not segregate the net income. In explaining the company furnished the following statement:

"Gross revenue has been segregated according to departments to show the revenues obtained by such departments, as transportation where services are performed for other parties. Gross revenues from sales of crude and refined oil products are shown under the marketing department. Net income (as specified before interest and dividends) has been placed in the unallocated column. While in the main, it is true that all departmental activities enter into the realizing of net income, it is impracticable, if not impossible, to determine to what extent each department contributed to that net income; further, no so-called departmental profit can be considered realized until the products are finally sold by the marketing department.

TABLE A.—*Summary of unit costs of gasoline by companies and refineries (at the refinery gate), 1938*

ATLANTIC REFINING COMPANY		Naptha (per gallon)
Refinery:		
Philadelphia Refinery	-----	\$0. 0569
Atreco Refinery	-----	. 0515
(Represent figures used for inventory purposes for the year 1938.)		
CONSOLIDATED OIL CORPORATION		Gasoline (all grades) per gallon
Location of Refinery:		
East Chicago, Ind.	-----	\$0. 0599
Kansas City, Kans.	-----	. 0564
Coffeyville, Kans.	-----	. 0534
Sand Springs, Okla.	-----	. 0468
Parco, Wyo.	-----	. 0553
Fort Worth, Tex.	-----	. 0518
Houston, Tex. (Light Oil Plant)	-----	. 0519
Marcus Hook, Pa.	-----	. 0546
Wellsville, N. Y.	-----	. 0567

TABLE A.—Summary of unit costs of gasoline by companies and refineries (at the refinery gate), 1938—Continued

CONTINENTAL OIL COMPANY		Unit cost of gasoline
Refinery:		
Ponca City Refinery	-----	\$0. 0497
Baltimore Refinery	-----	. 0543
Wichita Falls Refinery	-----	. 0463
Glenrock Refinery	-----	. 0509
Farmington Refinery	-----	. 0596
Artesia Refinery	-----	. 0457
Denver Refinery	-----	. 0634
Albuquerque Refinery	-----	. 0630
Lewiston Refinery	-----	. 0719
EMPIRE GAS AND FUEL COMPANY		
Refinery:		
East Chicago, Ind., Refinery	-----	\$0. 0609
Ponca City, Okla., Refinery	-----	. 0527
Okmulgee, Okla., Refinery	-----	. 0582
OHIO OIL COMPANY		
Refinery:		
Lovell, Wyo., Refinery	-----	\$0. 06729402
Ft. Worth, Tex., Refinery	-----	. 05366362
Bristow, Okla., Refinery	-----	. 05352129
Robinson, Ill., Refinery	-----	. 05931547
PHILLIPS PETROLEUM COMPANY		
Location of Refinery:		
Borger	-----	\$0. 04569
Okmulgee	-----	. 05639
Kansas City	-----	. 05986
PURE OIL COMPANY		Gasoline cost per gallon
Refinery:		
Cabin Creek, W. Va.	-----	\$0. 06683
Heath, Ohio	-----	. 06709
Muskogee, Okla.	-----	. 07300
Smiths Bluff, Tex.	-----	. 05634
Toledo, Ohio	-----	. 07200
Midland, Mich.	-----	. 04927
SKELLY OIL COMPANY		Unit cost of gasoline
Refinery: El Dorado, Kans., Refinery	-----	\$0. 04904
SOCONY-VACUUM OIL COMPANY, INC.		Average (per gallon)
Brand of Gasoline:		
Magnolia	-----	\$0. 0413
General	-----	. 0458
Socony-Vacuum	-----	. 0556
Overall Averages	-----	. 0520
(Represent inventory valuations.)		
STANDARD OIL COMPANY (INDIANA)		Unit cost of gasoline
Refinery:		
Whiting, Ind., Refinery	-----	\$0. 0543
Wood River, Ill., Refinery	-----	. 0532
Sugar Creek, Missouri, Refinery	-----	. 0501
Casper, Wyo., Refinery	-----	. 0641
Neodesha, Kansas, Refinery	-----	. 0556
Greybull, Wyoming	-----	. 0500
STANOLIND OIL AND GAS COMPANY		
[Subsidiary of Standard Oil Company (Indiana)]		
Location of Refinery: Superior, Louisiana	-----	\$0. 0504

TABLE A.—Summary of unit costs of gasoline by companies and refineries (at the refinery gate), 1938—Continued

UTAH OIL REFINING COMPANY		
[Subsidiary of Standard Oil Company (Indiana)]		
Brand of Gasoline:		Average (per gallon)
Ethyl Gasoline.....		\$0. 0762
Pep Gasoline.....		. 0713
Stanolind Gasoline.....		. 0684
STANDARD OIL COMPANY (OHIO)		
Refinery:		Unit cost of gasoline
Cleveland Refinery.....		\$0. 0685
Toledo Refinery.....		. 0666
Lima Refinery.....		. 0667
LATONIA REFINING CORPORATION		
[Subsidiary of Standard Oil Company (Ohio)]		
Refinery: Latonia Refinery.....		\$0. 0659
THE TEXAS CORPORATION		
The Texas Company (Delaware):		
Port Arthur Works.....		\$0. 0594
Houston Works.....		. 0529
West Dallas Works.....		. 0508
San Antonio Works.....		. 0509
El Paso Works.....		. 0611
Amarillo Works.....		. 0480
West Tulsa Works.....		. 0573
Pryse Works.....		. 0733
Lockport Works.....		. 0630
Casper Works.....		. 0588
Craig Works.....		. 0621
Cody Works.....		. 0724
CALIFORNIA PETROLEUM CORPORATION (UTAH)		
[Subsidiary of The Texas Corporation]		
Calpet Works.....		\$0. 0688
INTERNATIONAL REFINING COMPANY		
[Subsidiary of The Texas Corporation]		
Sunburt Works.....		\$0. 0525
INDIAN REFINING COMPANY		
[Subsidiary of The Texas Corporation]		
Lawrenceville Works.....		\$0. 0559
THE TEXAS COMPANY (CALIFORNIA)		
[Subsidiary of The Texas Corporation]		
Los Angeles Works.....		\$0. 0626
Fillmore Works.....		. 0550

TIDE WATER ASSOCIATED OIL COMPANY

Refinery	Estimated Per Gallon Values of Gasoline		
	First Grade	Second Grade	Third Grade
Avon Refinery (Associated, Calif.).....	\$0. 0646	\$0. 0471	\$0. 0421
Watson Refinery (Wilmington, Calif.).....	. 0646	. 0471	. 0421
Bayonne Refinery (Bayonne, New Jersey).....	. 0696	. 0515	. 0465
Drumright Refinery (Drumright, Okla.).....	. 0563	. 0483	

(Valuations used for inventory purposes.)

EXHIBIT No. 1316

PART "B"—APPENDIX I

ATLANTIC REFINING COMPANY

REPLY TO QUESTION 32 OF TNEC QUESTIONNAIRE

A summary of refining costs for the two refineries operated by the reporting company for the year 1938 is shown below. Regarding methods of costing, we know of no satisfactory method of securing the cost of gasoline and fuel oil. However, for inventory purposes, costs of the various products are calculated by the method variously known as "Sales Value Method," "Cost Allocation Method," etc. An explanation of the method is shown by the examples following the summary of refining costs.

The Atlantic Refining Company and Subsidiaries—Summary of Refining Costs—Year 1938

Year 1938	Phila. Refy.	Atreco Refy.
Direct Operating Costs:		
Operating Labor.....	\$., 984, 481	\$276, 194
Fuel.....	2, 007, 800	449, 657
Chemicals.....	1, 308, 912	44, 313
Repairs & Maintenance.....	1, 293, 702	205, 040
Other Supplies and Expenses.....	410, 686	77, 363
Total Direct Costs.....	8, 005, 581	1, 052, 567
Indirect Operating Costs:		
Refinery Overhead.....	\$1, 066, 322	\$147, 219
Taxes.....	312, 734	57, 549
Insurance.....	38, 709	7, 259
Depreciation on Plant.....	2, 059, 428	390, 536
Other.....	444, 226	76, 494
Total Indirect Costs.....	3, 921, 469	679, 057
Total Operating Costs.....	\$11, 927, 050	\$1, 731, 624
Loading Expense.....	323, 779	27, 754
Gen'l and Admin. Exp.....	236, 693	51, 217
Total.....	12, 487, 512	1, 810, 595
Crude Oil Consumed.....	40, 977, 893	9, 923, 792
Purch. Mixing Oils Consumed.....	1, 375, 356	77, 042
Total Refinery Costs.....	54, 840, 751	11, 811, 429

Per unit figures used for inventory purposes were:

	Philadelphia Refinery	Atreco Refinery
	<i>Cents</i>	<i>Cents</i>
Naphta.....	5. 69	5. 18
Fuel Oil.....	2. 48	1. 87

OUTLINE OF THE A. R. CO. REFINERY PRODUCTION COST METHOD FOR INVENTORY PRICING

Manufactured Oils.—Crude oil and manufacturing costs are spread over the various grades (refined, naphtha, lubricating, fuel, etc.) on the basis of their sales value.

Example:

If cost of crude is..... 3. 16¢ per gal.
 If cost of manu. mixing oils, etc. is..... 1. 06¢ per gal.

Average Cost..... 4. 22¢ per gal.

Sales value of our production, considering yields:

Yields	%	Refy. Realiza- tion	Refy. Sales Value	Allocated Cost
(1)	(2)	(3)	(4)	(5)
Refined.....	5. 44	4. 56¢	. 25¢	4. 61¢
Naphtha.....	44. 70	5. 54	2. 48	5. 61
Fuel.....	20. 81	1. 64	. 34	1. 66
Gas Oil.....	14. 54	3. 02	. 44	3. 06
Lubricating.....	3. 39	10. 92	. 37	11. 05
Wax.....	. 72	14. 27	. 10	14. 44
Asphalt.....	. 88	3. 15	. 03	3. 19
Coke.....	2. 55	2. 45	. 06	2. 48
Non-liquid Gas.....	6. 97	1. 42	. 10	1. 44
	100. 00	-----	4. 17	-----

Cost of 4.22¢ per gallon is 101.20% of sales value of 4.17¢ as in Col. 4. Items in Col. 3 at 101.20% give allocated cost price. All brands of gasoline are inventoried at same price.

(Col. 2) Yields and Refinery Realization (Col. 3) are based on six months averages, to obviate wide variations in them during any one month. Manufacturing cost is also based on six months average for the same reason.

Previous December 31st inventory used as base for the ensuing year. All increased gallons are priced at the average cost of the manufactured oils and purchases. (January 1st to date of inventory).

ARKANSAS FUEL OIL COMPANY.

Reply to item #32 of T. N. E. C. questionnaire

Products	Month of December 1938			Apportionment of crude cost & mfg. expense	(Note 1) Crude cost & mfg. exp. per gallon
	Gallons produced from crude	Current month's refinery sales prices	Sales value of production		
Premium.....	145,763	0.0550	\$8,016.42	\$7,686.00	0.0527
Regular.....	10,376,990	.0434	450,361.37	431,798.35	.0416
White.....	2,892,831	.0387	111,952.56	107,338.09	.0371
Total.....	13,415,574	.0425	570,330.35	546,822.44	.0408
Kerosene.....	3,786,349	.0345	130,629.04	125,244.76	.0331
Tractor Fuel.....	362,450	.0401	14,534.24	13,935.17	.0384
Solvent.....	502,762	.0418	21,015.45	20,149.23	.0401
Gas Oil.....	1,168,032	.0320	37,377.02	35,836.41	.0307
Fuel Oil.....	6,337,513	.0135	85,556.43	82,029.97	.0129
Still Gas Prod. (Gals.).....	1,289,652	.0123	15,896.66	15,896.66	.0123
Slop Oil.....	R 7770	.0314	R 243.98	R 243.98	.0314
Topped Residue.....	324,156	.0167	5,413.41	5,190.28	.0160
Loss.....	R 31,934	-----	-----	-----	.0160
Total.....	27,146,784	-----	\$880,508.62	\$844,860.94	-----
Less Still Gas produced and consumed.....	-----	-----	15,896.66	15,896.66	-----
Plus Slop Produced and consumed.....	-----	-----	R 243.98	R 243.98	-----
Actual Sales Value and Mfg. Expense.....	-----	-----	\$864,855.94	\$829,208.26	-----
Cost of Crude and Mfg. Expense.....	-----	\$829,208.26	-----	-----	-----
Sales Value of Production.....	-----	864,855.94	-----	-----	-----
Ratio of Mfg. Cost to Sales Value percent.....	-----	95.8781944	-----	-----	-----

The costing policy used is that generally known as the "Weighted-Selling-Ratio-Method" and is based on the principle of spreading the cost of manufacture to each product in direct ratio to its selling value, on the theory that the same rate of gross profit is earned on each product.

Costs of Natural Gasoline and Tetra Ethyl Lead used in blending are charged directly to the product involved, and do not affect the costs of other products.

NOTE I.—The costs per gallon of Gasoline shown in this column do not include Natural Gasoline or Tetra Ethyl used in blending. This blending cost is added directly to the product affected in the following manner:

	Gallons blended	Unit cost per gal.	Cost amount
PREMIUM GASOLINE			
Premium Gaso. from Crude.....	145753	.0527	\$7686.00
Natural Gaso. Added.....	24318	-----	1283.32
Tetra-Ethyl Lead Added.....	-----	-----	1116.43
Finished Cost Prem. Gaso.....	170071	.0593	\$10085.75
REGULAR "Q" GASOLINE			
Regular Gaso. from Crude.....	10376990	.0416	\$431798.35
Natural Gaso. Added.....	97356	-----	5137.70
Tetra-Ethyl Lead Added.....	-----	-----	37066.77
Finished Cost Regular Gaso.....	10474346	.0453	\$474002.82
WHITE GASOLINE (U. S. MOTOR)			
White Gaso. from Crude.....	2892831	.0371	\$107338.09
Natural Gaso. Added.....	252714	-----	13336.29
Finished cost White Gasoline.....	3145545	.0384	\$120674.38
FUEL OIL			
Fuel Oil from Crude (Finished).....	6337513	.0129	\$82029.97

CITIES SERVICE OIL COMPANY (PA.)

Reply to Item No. 32 of T. N. E. C. Questionnaire

Answer:

COST PROCEDURE FOR REFINERY YIELDS

The actual yields derived from the crude run for the month are priced on a wholesale price basis, that is, on a price which is presumed could have been realized had the products yielded been sold on the wholesale market. After the prices have been determined, the estimated sales realization is calculated by multiplying the yield by the prices. All gasoline produced is priced on the basis of 60-64 octane unleaded gasoline and the cost of bringing the quality of this gasoline up to regular and premium grades is applied directly against the cost of the gasoline ultimately produced.

All the following expenses,

Plant Operation Labor
Sundry Supplies
Chemicals
Royalty
Electricity
Plant Maintenance Labor
Plant Maintenance Material
Operating Office Overhead
Fuel
Taxes
Insurance
Depreciation

plus the cost of the crude less ethelizing expense and fuel consumed is apportioned on the basis of the percentage determined by dividing the cost of crude and expenses by the estimated sales realization less cost of fuel consumed.

Ethylizing expense is applied directly against the regular and premium gasoline in accordance with the actual expense incurred in blending such gasolines during the month.

Summary cost statements for each of the following refineries follow herewith.

Petty's Island
Titusville
Warners
East Braintree

Summary cost statement—Petty's Island—1938

	Gallons Yielded	Average Sales Price	Sales Amount	Crude Equivalent Average Cost	Cost Amount
Gasoline.....	80,966,128	\$0.0637	\$5,155,217.26	\$0.0591	\$4,782,965.54
Kerosene.....	12,997,009	.0501	651,011.94	.0465	604,003.19
#2 Fuel Oil.....	12,730,741	.0454	986,704.59	.0421	915,455.90
#3 Fuel Oil.....	690,083	.0482	33,233.95	.0447	30,834.17
#4 Fuel Oil.....	4,381,394	.0446	195,519.33	.0414	181,401.13
#5 Fuel Oil.....	6,309,001	.0328	206,690.33	.0304	191,765.48
#6 Fuel Oil.....	37,311,504	.0244	912,061.55	.0226	846,202.74
Fuel Used.....	19,626,666	.0125	244,500.25	.0125	244,500.25
Total.....			8,384,039.20		\$7,797,128.40

Crude, 4,167,447 bbls.....\$6,688,564.94

Expenses:

Plant Operation Labor.....250,401.22
Sundry Supplies & Expenses.....39,813.77
Chemicals.....181,582.83
Royalty.....78,791.92
Electricity.....56,486.51
Fuel.....244,500.25
Plant Maintenance Labor.....54,089.70
Plant Maintenance Material.....54,368.40
Operating Office Overhead.....9,167.73
Taxes.....31,063.27
Insurance.....19,764.44
Depreciation.....225,216.00
Other Direct Overhead.....774.00

Total.....1,246,020.04

Summary cost statement—Petty's Island—1938—Continued

Method of Calculating Ratio:		
Crude Cost.....		\$6,688,564.94
Expenses.....	\$1,246,020.04	
Less Ethylizing Expense.....	136,456.58	
Less Fuel used.....	244,500.25	
Net Expense.....		846,063.21
Total Crude & Expense.....		\$7,552,628.15
Sales.....		\$8,384,939.20
Less Fuel Consumed.....		244,500.25
Net Sales.....		\$8,140,438.95
Ratio = $\frac{\$7,552,628.15}{\$8,140,438.95}$	= .927791264	

Summary cost statement—East Braintree—1938

	Gallons Yielded	Average Sales Price	Sales Amount	Crude Equiva- lent Average Cost	Cost Amount
Gasolene.....	97,837,218	\$.0637	\$6,234,843.20	\$.0610	\$5,974,749.82
Propane.....	758,846	.0350	26,559.62	.0335	25,451.66
Kerosene.....	16,858,358	.0530	894,048.10	.0508	866,751.90
Gas Oil.....	2,569,541	.0454	116,670.71	.0435	111,803.66
#2 Fuel Oil.....	42,044,744	.0450	1,890,044.05	.0431	1,811,198.78
#3 Fuel Oil.....	6,157,907	.0456	281,007.16	.0437	269,284.64
#4 Fuel Oil.....	2,225,771	.0352	78,428.54	.0337	75,156.81
#5 Fuel Oil.....	14,138,774	.0274	387,070.29	.0263	370,923.23
Gas Enrichment.....	9,025,465	.0321	289,688.95	.0308	277,604.26
#6 Fuel Oil.....	37,714,191	.0243	918,142.83	.0233	879,841.49
Lube Oils.....	2,488,325	.0849	211,222.51	.0814	202,411.13
Fuel Used.....	13,567,475	.0238	322,804.31	.0228	322,804.31
Total.....			\$11,650,530.27		\$11,177,981.69

Crude, 5,859,370 barrels..... \$9,615,983.94

Expenses:		
Plant Operation Labor.....		350,971.36
Sundry Supplies & Expense.....		57,571.72
Chemicals.....		259,683.99
Royalty.....		89,261.36
Electricity.....		74,962.83
Fuel.....		322,804.31
Plant Maintenance Labor.....		123,203.81
Plant Maintenance Material.....		69,378.06
Operating Office Overhead.....		8,215.03
Taxes.....		97,760.58
Insurance.....		28,315.18
Depreciation.....		285,552.00
Processing Tax.....		1,066.00
Total Expenses.....		<u>\$1,768,746.23</u>

Method of Calculating Ratio

Crude Cost.....		\$9,615,983.94
Gross Expenses.....	\$1,768,746.23	
Less Ethylizing Expense.....	207,748.48	
Less Fuel Used.....	322,804.31	
Net Expense.....		1,238,193.44
Total Crude & Expenses.....		<u>\$10,855,177.38</u>
Sales.....		\$11,650,530.27
Less Fuel Consumed.....		322,804.31
Net Sales.....		<u>\$11,327,725.96</u>
Ratio = $\frac{10,855,177.38}{11,327,725.96}$	= .958283897	

Summary cost statement, Titusville, 1938

	Galons Yielded	Average Sales Price	Sales Amount	Crude Equiva- lent Aver- age Cost	Cost Amount
Gasolene.....	10,011,589	\$.0483	\$483,283.71	\$.0463	\$463,438.02
Kerosene.....	6,293,766	.0492	309,791.27	.0472	297,069.89
Fuel—36/40.....	7,751,431	.0400	310,106.74	.0384	297,372.43
Lub. Stocks.....	8,772,767	.1283	1,125,950.75	.1230	1,079,714.43
Fuel Used.....	1,709,958	.0400	68,323.90	.0384	68,323.90
Naphtha.....	749,587	.0517	38,757.46	.0496	37,165.91
Total.....			\$2,336,213.83		\$2,243,084.58

Crude, 866,429 barrels..... \$1,811,137.93

Expenses:

Plant Operation Labor.....	109,579.68
Sundry Supplies & Expenses.....	25,892.64
Chemicals.....	92,925.31
Electricity.....	17,080.08
Fuel.....	116,338.18
Plant Maintenance Labor.....	7,693.73
Plant Maintenance Material.....	9,527.71
Operating Office Overhead.....	10,804.48
Taxes.....	5,305.37
Insurance.....	8,234.76
Depreciation.....	87,924.00
Other Gen. Off. Overhead.....	1,430.10
Total.....	\$492,736.34

Method of Calculating Ratio

Crude Cost.....	\$1,811,137.93
Gross Expenses.....	\$492,736.34
Less Ethylizing Expense.....	60,789.69
Less Fuel Used.....	68,323.90

Net Expenses..... 363,622.75

Total Crude & Expenses..... \$2,174,760.68

Sales..... \$2,336,213.83
Less Fuel Consumed..... 68,323.90

Net Sales..... \$2,267,889.93

$$\text{Ratio} = \frac{\$2,174,760.68}{\$2,267,889.93} = 958935727$$

Summary cost statement—Warners 1938

	Gallons Yielded	Average Sales Price	Sales Amount	Crude Equiva- lent Average Cost	Cost Amount
Gasolene.....	18,719,353	\$.0600	\$1,122,881.61	\$.0537	\$1,004,702.60
Red Heat Fuel.....	1,278,544	.0566	72,403.06	.0506	64,782.91
#2 Fuel.....	22,767,899	.0427	973,131.81	.0382	870,713.40
#4 Fuel.....	14,242,538	.0405	576,911.83	.0362	516,194.06
#5 Fuel.....	16,274,782	.0295	480,363.31	.0264	429,806.90
#6 Fuel.....	6,562,714	.0303	198,843.32	.0271	177,920.29
Asphalt Prods.....	43,663,557	.0538	2,347,151.17	.0481	2,100,122.48
Fuel Used.....	9,619,553	.0205	197,132.74	.0205	197,132.74
Total.....			\$5,968,823.85		\$5,361,375.38

Summary cost statement—Warners 1938—Continued

Crude, 3,232,563 barrels.....	\$4, 527, 296. 32
Expenses:	
Plant Operation Labor.....	\$274, 759. 38
Sundry Supplies & Expense.....	30, 557. 47
Chemicals.....	60, 056. 22
Electricity.....	18, 959. 81
Fuel.....	197, 132. 74
Plant Maintenance Labor.....	70, 226. 37
Plant Maintenance Material.....	68, 260. 68
Operating Office Overhead.....	2, 831. 47
Taxes.....	47, 985. 04
Insurance.....	32, 188. 72
Depreciation.....	138, 936. 00
Other General Office Overhead.....	1, 376. 13
Total.....	\$943, 270. 03

Method of Calculating Ratio

Crude Cost.....	4, 527, 296. 32
Gross Expenses.....	\$943, 270. 03
Less Ethylizing Expense.....	109, 190. 97
Less Fuel Used.....	197, 132. 74
Net Expense.....	636, 946. 32
Total Crude & Expense.....	\$5, 164, 242. 64
Sales.....	\$5, 968, 823. 85
Less Fuel Consumed.....	197, 132. 74
Net Sales.....	\$5, 771, 691. 11
Ratio— $\frac{\$5, 164, 242. 64}{\$5, 771, 691. 11} = .894753815$	

EMPIRE GAS & FUEL COMPANY

REPLY TO ITEM 32 OF T. N. E. C. QUESTIONNAIRE

- a. None operated by the reporting company.
 b. During the year 1938 the Cities Service Oil Company (Delaware)¹ operated refineries at
 East Chicago, Indiana.
 Ponca City, Oklahoma.
 Okmulgee, Oklahoma.

Principal elements of cost determining the cost of a gallon of gasoline were as follows:

GASOLINE COSTS IN CENTS PER GALLON, 1938

Elements of Cost	East Chicago	Ponca City	Okmulgee
Cost of Crude Run.....	\$0. 0479	\$0. 0371	\$0. 0398
Ethylizing Expense.....	.0029	.0021	.0025
Depreciation, Ins. & Taxes.....	.0030	.0043	.0058
Plant Operation & Maintenance.....	.0070	.0116	.0138
Natural Gasoline Purchased.....	.0001	R0. 0024	R0. 0037
Total Cost.....	\$0. 0609	\$0. 0527	\$0. 0582

FUEL OIL COSTS IN CENTS PER GALLON, 1938

Cost of Crude Run.....	\$0. 0240	\$0. 0140	\$0. 0149
Depreciation, Ins. & Taxes.....	.0015	.0016	.0022
Plant Operation & Maintenance.....	.0035	.0044	.0052
Total Cost.....	\$0. 0290	\$0. 0200	\$0. 0223

The method of apportioning costs used in our accounting is known as the yield value method. The costs being apportioned to the individual products on the percentage that the production of each product extended at market value bears to the total market value of all production each month.

The opening inventory and the current production are averaged in arriving at the cost of products sold.

Costs include all direct plant operation and maintenance expense, plant depreciation and direct insurance and taxes.

¹ No other subsidiary of Empire Gas & Fuel Co refineries.

This expense, together with the cost of crude oil and transportation expense, is apportioned to individual products as outlined above. Crude oil is transferred to the refinery at market on the day delivered and transportation expense is based on published tariffs.

Any purchases of natural gasoline and other refined products are charged direct to the proper inventory account at the purchase price including freight.

CONSOLIDATED OIL CORPORATION

SUPPLEMENTARY REPLY TO ITEM #32 OF TNEC QUESTIONNAIRE

In its original answer to Question #32 the reporting company did not undertake to specify the actual cost for the year 1938 at each of its domestic refineries of a gallon of gasoline and a gallon of fuel oil, for the reason that accurately informative data are not available. As explained in such original answer, the allocation of costs to an individual product or grade of an individual product is made on a purely arbitrary basis. Such arbitrary cost allocation is designed solely to serve the purpose of accounting convenience and does not result, of necessity, in determining what might be deemed to represent the true cost of an individual product or grade.

The arbitrarily allocated costs for the year 1938 of a gallon of gasoline and a gallon of fuel oil at each refinery are shown in the following tabulation. Indicated costs of the two products are, of course, affected materially by the varying quantities of the various grades of such products.

Location of Refinery	Gasoline: (All Grades) Cents per gallon	Fuel Oil (All Grades) Cents per gallon
East Chicago, Ind.	5.99	3.30
Kansas City, Kans.	5.64	3.06
Coffeyville, Kans.	5.34	2.39
Sand Springs, Okla.	4.68	2.41
Parco, Wyo.	5.53	2.15
Fort Worth, Tex.	5.18	1.60
Houston, Tex. (Light Oil Plant) ..	5.19	2.36
Marcus Hook, Pa.	5.46	3.40
Wellsville, N. Y.	5.67	3.31

The foregoing arbitrary costs are based upon the purchase (by the subsidiary owning and operating the above indicated refineries) of crude oil at posted market prices, plus (in most instances) a handling charge and plus transportation charges at tariff rates. Refinery operating expenses comprise the items indicated in the footnote to the tabulation which appeared in the original answer to question 32.

Answer: Following is a summary cost statement, for the year 1938, for each domestic refinery operated by the reporting company's wholly-owned subsidiary engaged in refining operations:

Location of Refinery:	Summary Cost	Percentage of Material Costs to Total Cost of Production of All Products Year 1938	Percentage of Refinery Operating Expense to Total Cost of Production of All Products Year 1938. (See Note)
		Percent	Percent
East Chicago, Ind.	\$29,387,600	76.23	23.77
Kansas City, Kans.	6,615,800	79.48	20.52
Coffeyville, Kans.	7,662,500	66.12	33.88
Sand Springs, Okla.	4,143,200	68.47	31.53
Parco, Wyo.	4,750,300	80.83	19.17
Fort Worth, Tex.	2,423,400	74.33	25.67
Houston, Tex. (Light Oil Plant) ..	30,837,500	85.56	14.45
Marcus Hook, Pa.	30,176,000	86.80	13.20
Wellsville, N. Y.	8,399,700	71.54	28.46

NOTE.—Refinery operating expenses included hereunder comprise operating labor and supplies, repairs, fuel, tetra ethyl lead, miscellaneous operating expenses, insurance, taxes (other than Social Security Taxes) and depreciation

The costs of the various classifications of products manufactured are determined by the arbitrary allocation (with relatively unimportant exceptions) of manufacturing and raw material costs to the quantity of the various classifications of products produced on the basis of their estimated relative selling values. In view of the method of costing used, the question is answered above by giving the percentage cost of crude oil and other materials consumed to total cost of production of all products and the percentage of manufacturing expense to such total cost of production. Disparity in percentages between plants is largely caused by variance in geographical locations of the plants, the kind of crude utilized, the varying types of manufacturing services performed, and the proportion and type of products produced.

CONTINENTAL OIL COMPANY

REPLY TO ITEM 32 OF T. N. E. C. QUESTIONNAIRE

For the purpose of departmental accounting only the cost of gasoline is determined by the single product method; that is, all by-products (including fuel oil and charging stock) derived from skimming and cracking plant operations are priced on the basis of the previous month's average market price, less an allowance for selling expense. The value of these by-products is then deducted from the total cost of raw materials (crude oil and casinghead gasoline at current posted prices plus transportation at tariff rates to refinery) and refinery operating expense (before taxes and depreciation) to determine the cost of gasoline. Market value used in pricing by-products is the average of quotations taken from Platt's Oilgram and the Chicago Journal of Commerce.

The cost of lubricating oils, greases and wax is the cost of raw material (charging stocks priced at market value as outlined above) and operating expenses (before taxes and depreciation) applicable thereto.

Cost of gasoline at various refineries—1938

	Unit Cost per Gallon		
	Raw Materials and Operating Expenses	Taxes and Depreciation	Total
Ponca City Refinery.....	\$0.0481	\$0.0016	\$0.0497
Baltimore Refinery.....	.0511	.0032	.0543
Wichita Falls Refinery.....	.0443	.0020	.0463
Glenrock Refinery.....	.0487	.0022	.0509
Farmington Refinery.....	.0588	.0008	.0596
Artesia Refinery.....	.0425	.0032	.0457
Denver Refinery.....	.0597	.0037	.0634
Albuquerque Refinery.....	.0617	.0013	.0630
Lewiston Refinery.....	.0708	.0011	.0719

Cost of raw materials and operating expenses—Fuel oil—1938

	Unit Cost per Gallon
Ponca City Refinery.....	\$0.0166
Baltimore Refinery.....	.0231
Wichita Falls Refinery.....	.0170
Glenrock Refinery.....	.0170
Farmington Refinery.....	.0083
Artesia Refinery.....	.0140
Denver Refinery.....	.0192
Albuquerque Refinery.....	.0344
Lewiston Refinery.....	.0252

GULF OIL CORPORATION

REPLY TO ITEM NO. 32 OF TNEC QUESTIONNAIRE

The costing system in effect, applicable to manufactured oil products, provides for the accumulation of all expenses, including the cost of raw materials and a proportion of the general administrative expenses.

Quantities of production of each product are calculated and extended at the average wholesale market values for the period in question; said market values being obtained from reliable trade publications and the average of the low daily quotations over a thirty day period to the nearest equivalent of the products manufactured are utilized. In the absence of price quotations comparable to a product manufactured, arbitrary prices are used, or differentials are added to or subtracted from a published price to compensate for the equivalent of the product manufactured. The percentage relation of the total cost of manufacture to the combined market values is then determined, and each product is assigned as its cost the percentage of its market value which the total cost bears to the combined market value.

Temporary National Economic Committee questionnaire—Question 32—Summary cost statement of operating each domestic refinery operated by the reporting company or its subsidiaries or affiliates—Year 1938

GULF OIL CORPORATION—SUPPLEMENTAL REPLY

	Port Arthur Refinery		
	Barrels	Amount	Avg. Cost Per Barrel
Crude & Other Products Charged.....	41,741,537	\$60,542,361	\$1.450
Labor (Operating and Repairs).....		4,063,311	.098
Materials (Operating and Repairs).....	8,783	4,595,764	.111
Fuel.....		2,201,089	.053
Overhead.....		5,297,193	.128
Unaccounted for Oil Loss.....	1,286,456	0	.010
Subtotal—Manufacturing Expenses.....		16,157,357	.400
Total Cost.....	41,463,864	76,699,718	1.850
Per Cent of Capacity Operated, 100%.			
	Fort Worth Refinery		
	Barrels	Amount	Avg. Cost Per Barrel
Crude & Other Products Charged.....	2,057,742	\$2,891,698	\$1.405
Labor (Operating and Repairs).....		132,592	.064
Materials (Operating and Repairs).....		176,989	.085
Fuel.....		136,442	.066
Overhead.....		182,719	.088
Unaccounted for Oil Loss.....	20,372	0	.014
Subtotal—Manufacturing Expenses.....		628,742	.289
Total Cost.....	2,078,114	3,520,440	1.694
Per Cent of Capacity Operated, 92.9%.			
	Sweetwater Refinery		
	Barrels	Amount	Avg. Cost Per Barrel
Crude & Other Products Charged.....	2,237,614	\$2,539,958	\$1.135
Labor (Operating and Repairs).....		208,682	.096
Materials (Operating and Repairs).....		298,015	.138
Fuel.....		174,724	.081
Overhead.....		243,442	.112
Unaccounted for Oil Loss.....	1,68,872	0	.036
Subtotal—Manufacturing Expenses.....		924,863	.463
Total Cost.....	2,168,742	3,464,821	1.598
Per Cent of Capacity Operated, 118.6%.			

¹ Red figure.

Temporary National Economic Committee questionnaire—Question 32—Summary cost statement of operating each domestic refinery operated by the reporting company or its subsidiaries or affiliates—Year 1938—Continued

GULF OIL CORPORATION—SUPPLEMENTAL REPLY—Continued

	New York Refinery		
	Barrels	Amount	Avg. Cost Per Barrel
Crude & Other Products Charged.....	3, 167, 930	\$2, 948, 091	\$0. 931
Labor (Operating and Repairs).....		70, 543	.022
Materials (Operating and Repairs).....		42, 720	.014
Fuel.....		61, 862	.019
Overhead.....		125, 923	.040
Unaccounted for Oil Loss.....	1 11, 837	0	.003
Subtotal—Manufacturing Expenses.....		301, 048	.098
Total Cost.....	3, 156, 093	3, 249, 139	1.029
Per Cent of Capacity Operated, 61.99%.			
	Philadelphia Refinery		
	Barrels	Amount	Avg. Cost Per Barrel
Crude & Other Products Charged.....	12, 282, 857	\$16, 857, 174	\$1. 373
Labor (Operating and Repairs).....		830, 468	.068
Materials (Operating and Repairs).....		1, 125, 669	.092
Fuel.....		947, 211	.078
Overhead.....		1, 330, 820	.109
Unaccounted for Oil Loss.....	1 84, 162	0	.010
Subtotal—Manufacturing Expenses.....		4, 234, 168	.357
Total Cost.....	12, 198, 695	21, 101, 342	1.730
Per Cent of Capacity Operated, 102.6%.			
	Pittsburgh Refinery		
	Barrels	Amount	Avg. Cost Per Barrel
Crude & Other Products Charged.....	3, 846, 836	\$7, 739, 374	\$2. 012
Labor (Operating and Repairs).....		349, 548	.091
Materials (Operating and Repairs).....	401	574, 942	.150
Fuel.....		405, 448	.105
Overhead.....		466, 454	.121
Unaccounted for Oil Loss.....	1 12, 677	0	.007
Subtotal—Manufacturing Expenses.....		1, 794, 392	.474
Total Cost.....	3, 834, 560	9, 533, 766	2.486
Per Cent of Capacity Operated, 104.5%.			
	Toledo Refinery		
	Barrels	Amount	Avg. Cost Per Barrel
Crude & Other Products Charged.....	6, 228, 552	\$11, 412, 041	\$1. 832
Labor (Operating and Repairs).....		445, 156	.071
Materials (Operating and Repairs).....		689, 265	.110
Fuel.....		381, 716	.061
Overhead.....		779, 273	.125
Unaccounted for Oil Loss.....	7, 155	0	.001
Subtotal—Manufacturing Expenses.....		2, 295, 410	.366
Total Cost.....	6, 235, 707	13, 707, 451	2.198
Per Cent of Capacity Operated, 94.8%.			
	Cincinnati Refinery		
	Barrels	Amount	Avg. Cost Per Barrel
Crude & Other Products Charged.....	6, 759, 491	\$12, 318, 282	\$1. 822
Labor (Operating and Repairs).....		492, 607	.073
Materials (Operating and Repairs).....		740, 440	.109
Fuel.....		428, 442	.063
Overhead.....		791, 042	.117
Unaccounted for Oil Loss.....	8, 267	0	.002
Subtotal—Manufacturing Expenses.....		2, 452, 531	.360
Total Cost.....	6, 767, 758	14, 770, 813	2.182
Per Cent of Capacity Operated, 102.9%.			

¹ Red figure.

NOTE.—It is impractical to determine the actual per unit cost of a gallon of Gasoline and Fuel Oil, separately, at the refinery gate.

THE OHIO OIL COMPANY

REPLY TO ITEM #32 OF T. N. E. C. QUESTIONNAIRE

Summary cost statement

LOVELL, WYOMING REFINERY, 1938

	Gasoline cost	Fuel oil cost
Raw Material:		
Crude Oil	28, 104.81	124, 361.95
Natural Gasoline	8, 912.90	
Total Raw Material	47, 017.71	124, 361.95
Operating Expense:		
Labor	3, 300.11	10, 770.52
Repairs	1, 622.29	5, 294.66
Chemicals	327.19	1, 067.84
Fuel (Natural Gas)	2, 804.13	9, 151.77
Other	1, 567.94	5, 117.23
General	3, 892.34	12, 703.35
Total Operating Expense	13, 514.00	44, 105.37
Depreciation	6, 775.30	22, 112.42
Total Cost	67, 307.01	190, 579.74
Production in Gallons (Gasoline includes Natural Gasoline blended)	1, 000, 193	10, 350, 752
Cost per Gallon	0.06729402	0.01841216

FT. WORTH, TEXAS REFINERY, 1938

Raw Material:		
Crude Oil	901, 194.09	84, 038.84
Natural Gasoline	118, 602.88	
"Q" Liquid (Lead)	28, 813.75	
Total Raw Material	1, 048, 610.72	84, 038.84
Operating Expense:		
Labor	86, 432.88	8, 060.11
Repairs	63, 745.83	5, 944.48
Chemicals	59, 903.70	5, 586.19
Fuel—Nat'l. Gas & Fuel Oil	48, 567.11	4, 529.02
Other	27, 963.38	2, 607.66
General	45, 518.56	4, 244.72
Total Operating Expense	332, 131.46	30, 972.18
Depreciation	37, 443.77	3, 491.73
Amortization of Royalty on Kellogg Unit	4, 963.01	462.81
Total Cost	1, 423, 148.96	118, 965.56
Production in Gallons (Gasoline includes Natural Gasoline blended)	26, 519, 808	6, 073, 552
Cost per Gallon	0.05366362	0.01958748

BRISTOW, OKLAHOMA REFINERY, 1938

Raw Material:		
Crude Oil	840, 711.39	170, 097.70
Natural Gasoline	26, 314.66	
"Q" Liquid (Lead)	33, 626.56	
Total Raw Material	900, 652.61	170, 097.70
Operating Expense:		
Labor	48, 699.22	9, 853.11
Repairs	38, 871.74	7, 864.76
Chemicals	12, 712.36	2, 572.04
Fuel (Nat'l. Gas & Fuel Oil)	12, 115.13	2, 451.20
Other	14, 510.61	2, 996.57
General	37, 933.22	7, 674.87
Total Operating Expense	165, 142.28	33, 412.55
Depreciation	30, 274.47	6, 125.31
Amortization of Royalty on Kellogg Unit	7, 134.15	1, 443.42
Total Cost	1, 103, 203.51	211, 078.98
Production in Gallons (Gasoline includes Natural Gasoline blended)	20, 612, 424	10, 582, 109
Cost per Gallon	0.05352129	0.01994678

Summary cost statement—Continued

ROBINSON, ILLINOIS REFINERY, 1938

	Gasoline cost	Fuel oil cost
Raw Material:		
Crude Oil.....	3,740,877.07	264,841.81
Natural Gasoline.....	642,390.76	
"Q" Liquid (Lead).....	241,417.45	
Total Raw Material.....	4,624,685.28	264,841.81
Operating Expense:		
Labor.....	202,207.87	14,315.65
Repairs.....	105,822.09	7,491.86
Chemicals.....	47,368.59	3,353.54
Fuel (Nat'l. Gas, Coal, & Fuel Oil).....	204,350.54	14,467.35
Other.....	88,149.83	6,240.71
General.....	108,059.14	7,650.23
Total Operating Expense.....	755,958.06	53,519.34
Depreciation.....	47,278.09	2,563.13
Total Cost.....	5,427,921.43	320,924.28
Production in Gallons (Gasoline includes Natural Gasoline blended).....	91,509,368	16,374,066
Cost per Gallon.....	0.05931547	0.0195095f

b. No refineries operated by subsidiaries or affiliates.

NOTE.—The costing method used by The Ohio Oil Company to prorate the elements of costs of the refining operations among the various products produced is one known in the industry as the "Joint-Product Method." A brief summary of the method is as follows:

(1) We determine the market value of a barrel of crude petroleum processed, by evaluating the ultimate yield from a barrel of crude on our market experience. This evaluation is converted to a "per gallon" basis, called realization per gallon.

(2) We determine the cost of one gallon of production by dividing the total of all cost elements by the total production in gallons.

(3) The percentage relationship that "Cost per gallon" (Item 2) bears to "Realization per Gallon" (Item 1) is then determined.

(4) The percentage factor (Item 3) is then applied to the net realized price per gallon of each manufactured product, thus arriving at a cost for each product.

PHILLIPS PETROLEUM COMPANY

REPLY TO ITEM #32 OF T. N. E. C. QUESTIONNAIRE

All refineries are operated by the reporting company. The "By-Product" method is used to allocate manufacturing costs to refined products produced, such method being briefly described as follows:

Expenses consisting of operating expense, general expense, both direct and indirect, and capital extinguishments are charged to individual processing and service units by classifications of expense. Each service unit is then cleared in total to separate processing units so that the final charge to each such processing unit consists of direct expenses and pro-rated service expenses. These amounts together with crude oil and other raw stocks consumed, at posted prices plus transportation tariffs, are grouped according to major operations such as crude skimming and cracking, lubricating oil manufacturing, and compounding. The total costs charged to each group of processing units is reduced by the market value of by-products produced, leaving the residue of such cost to be applied to the main product.

As to the crude skimming and cracking group, gasoline is considered the main product and the by-products, such as kerosene, naphtha, gas oil, fuel oil, etc., are credited to such operations, ordinarily, at market prices. Steam refined stock is transferred to the lube oil manufacturing department at its gasoline replacement value.

The required summary cost statement for gasoline follows (under our costing policy explained above we do not develop a cost per gallon for fuel oil).

	Borger		Oklmulgee		Kansas City	
	Barrels	Amount	Barrels	Amount	Barrels	Amount
Production:						
Gasoline.....	6,382,430	\$12,246,984.87	893,397	\$2,115,849.13	3,571,837	\$8,980,438.14
By-Products.....	1,795,259	1,285,921.70	753,072	¹ 881,845.44	1,489,252	1,485,818.53
Gas and loss.....	2,448,504		132,593		624,780	
	10,626,193	13,532,906.57	1,779,062	2,997,694.57	5,685,869	10,466,256.67
Cost and Expenses:						
Salaries and wages.....		906,300.39		449,690.66		755,584.77
Utilities.....		328,471.15		144,495.14		67,730.88
Processing supplies.....		947,827.97		252,018.85		398,734.71
Repairs and other supplies.....		573,408.89		71,106.11		267,420.11
Royalties.....		31,505.04				20,000.04
Miscellaneous.....		90,022.81		19,498.46		15,876.33
Administrative and general expense.....		431,246.78		133,804.77		252,886.20
Capital extinguishments.....		626,025.27		197,132.60		315,399.23
Total.....		3,934,808.30		1,267,746.59		2,093,632.27
Less: Amounts allocated to lube oil manufacturing and compounding at Okmulgee.....				649,741.85		
and compounding at Kansas City.....						18,396.06
		3,934,808.30		¹ 618,004.74		³ 2,075,236.21
Raw material consumed.....		9,598,098.27		2,379,689.83		8,391,020.46
Total costs.....		13,532,906.57		2,997,694.57		10,466,256.67
Less: Value of by-products produced.....		1,285,921.70		¹ 881,845.44		1,485,818.53
Cost of gasoline—total.....		12,246,984.87		2,115,849.13		8,980,438.14
Cost of gasoline—per gallon.....		0.04569		0.05639		0.05986

¹ Okmulgee by-products:

Steam refined stock (at gasoline replacement value).....	\$354,627.14
Other—Skimming and cracking by-products (at market value).....	527,218.30

881,845.44

² Expenses are recorded by classifications to processing and service units, the latter being separately allocated *in total* to processing units of skimming, cracking, lube manufacturing and compounding. Therefore, the identity of each classification of expense is lost and it is impracticable to determine the amount of *each* classification finally allocated to gasoline manufacturing.

³ Expenses are recorded by classifications to processing and service units, the latter being separately allocated *in total* to processing units of skimming, cracking and compounding. Therefore, the identity of each classification of expense is lost and it is impracticable to determine the amount of *each* classification finally allocated to gasoline manufacturing.

THE PURE OIL COMPANY

REPLY TO ITEM #32 OF TNEC QUESTIONNAIRE

The cost of gasoline for statistical purposes is arrived at by the by-product basis, the principle of which is as follows:

The realized sales value of finished products, other than gasoline, is subtracted from the total of the cost of crude oil, transportation and processing. The remaining sum represents the cost of gasoline and that sum is divided by the gasoline production for the month to arrive at the cost to produce a gallon of gasoline.

This method of determining cost does not permit segregation of the cost of fuel oil.

Summary of cost statement—year 1938

	Cabin Creek West Virginia Refin- ery	Heath Ohio Refin- ery	Musko- gee Okla- homa Refin- ery ¹	Smiths Bluff Texas Refin- ery	Toledo Ohio Refin- ery ²	Mid- land Michi- gan Refin- ery
Per bbl. of crude—Cost:						
Field Price.....	\$1.44	\$1.29	\$1.19	\$1.22	\$1.21	\$1.09
Transportation.....	.35	.37	.19	.18	.33	.15
Delivered.....	\$1.79	\$1.66	\$1.38	\$1.40	\$1.54	\$1.24
Processing cost—including Depreciation.....	.83	.39	.61	.26	.49	.25
Total Cost of Production.....	\$2.62	\$2.05	\$1.99	\$1.66	\$2.03	\$1.49
Less: Value of all products other than gasoline.....	1.18	.31	.33	.44	.35	.94
Cost of Gasoline.....	\$1.44	\$1.74	\$1.66	\$1.22	\$1.68	\$.55
Per Gallon Cost of Gasoline.....	\$.06683	\$.06709	\$.07300	\$.05634	\$.07200	\$.04927

¹ Plant operated only part of 1938. Operations suspended January 20, 1939.

² Plant closed down during part of 1938.

SHELL UNION OIL CORPORATION

REPLY TO ITEM #32 OF T. N. E. C. QUESTIONNAIRE

Item 32.—Summary cost statement for each domestic refinery operated (a) by the reporting company, or (b) by its subsidiaries or affiliates, for the year 1938, showing the principal elements of cost determining the cost of a gallon of gasoline and fuel oil (separately), at the refinery gate (exclusive of any selling expenses). Explain briefly the costing policy followed with particular reference to the method of proration of the elements of costs of the refining operations among the various products produced.

It is a recognized principle in the oil industry that it is impossible to determine separately the costs applicable to a particular product manufactured. The costs of manufacturing finished products are joint and inseparable and the products themselves are commingled and blended before, during and after the refining process. The reporting company's subsidiary refining companies do not even, in all cases, keep the elements of cost segregated by individual refineries. In an endeavor to give information which may be useful in connection with this question, the following information is attached, viz. the total expense up to the refinery gate, the additional selling, administrative and other expense, and the segregation, by volume, of products sold during 1938.

Shell Union Oil Corporation and subsidiary companies consolidated statement of income and expenses for the year 1938

Producing, transportation and refining operating expenses:

Oil field operations:

Crude oil production costs.....	\$12,837,095.91
Exploration expense, etc.....	6,381,026.05
Depletion, depreciation, etc.....	23,474,385.53

42,692,507.49

Natural gasoline plants:

Operating costs.....	1,101,405.06
Depreciation, etc.....	223,978.73

1,325,383.79

Shell Union Oil Corporation and subsidiary companies consolidated statement of income and expenses for the year 1938—Continued

Producing, transportation and refining operating expenses—Continued.

Transportation—Crude Oil:

Operating costs and maintenance	\$9, 992, 033. 23
Depreciation, etc	2, 581, 652. 26

	12, 573, 685. 49
Purchases	69, 757, 072. 60

Decrease in inventories	3, 811, 516. 53
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Refineries:

Operating costs	26, 458, 775. 40
Depreciation, etc	7, 198, 579. 06

33, 657, 354. 46

Own consumption (estimated)	[5, 567, 405. 57]
-----------------------------	-------------------

Cost of products at refinery gate	\$158, 250, 114. 79
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Selling, general and administrative expenses:

Marketing and distributing:

Bulk depot, terminal and service station operations	\$40, 490, 542. 37
Transportation	22, 306, 550. 16

Depreciation, etc	6, 223, 273. 99
Own consumption (estimated)	[800, 000. 00]

68, 220, 366. 52

Increase in inventories	[2, 155, 686. 39]
-------------------------	-------------------

Head Office and management expense	7, 668, 209. 48
------------------------------------	-----------------

Other general expenses	6, 513, 243. 28
------------------------	-----------------

Interest on funded debt and amortization of discount and expense	2, 661, 570. 36
--	-----------------

Provision for Federal income taxes	3, 513, 014. 07
------------------------------------	-----------------

Selling, general and administrative expenses	86, 420, 717. 32
--	------------------

Total expenses	244, 670, 832. 11
----------------	-------------------

Gross income ¹ (including other income and credits)	255, 989, 254. 73
--	-------------------

Net income for the year	\$11, 318, 422. 62
-------------------------	--------------------

¹ Sales Proceeds	\$251, 517, 473. 68
-----------------------------	---------------------

Product:

Gallons

Gasoline	1, 692, 906, 909
Natural Gasoline	25, 972, 339
Lubricating oils	52, 460, 958
Fuel oils	1, 568, 405, 812
Crude oil	579, 646, 798
Other products	179, 429, 526

4, 098, 822, 342

SUPPLEMENTAL REPLY TO ITEM #32 OF TNEC QUESTIONNAIRE—PER LETTER OF AUGUST 24, 1939

You ask us to quote the unit values for gasoline and fuel oil as shown in inventories at end of 1937 and 1938 for Federal income tax purposes.

In our original response we pointed out the impossibility of determining separately the costs of the various products derived from a barrel of crude oil, and some of the reasons therefor were indicated. We are still entirely convinced that methods of estimation whether used for inventory pricing or other internal purpose can provide no reliable objective standard for use in a price survey.

The choice of a given set of principles is justified for tax as well as accounting purposes so long as they are consistently followed year after year. Where important items are disregarded in arriving at cost they are nevertheless deductible elsewhere and subject to verification by the Revenue Agents. Such items, excluded by some and not by others, are, for example, lease rentals, land and exploration' expense, abandonment and retirements, and research expense.

Other practices which are warranted if consistently followed are the apportionment of cost by a system of weighted averages, or according to sales realization or by application of a by-product method, or by combinations of these. Their use in a study of one oil company, if properly restricted, would give useful conclusions in comparing the financial statements for different periods, but such could and probably would result in fallacious conclusions as applied to a group of companies or in comparing one company with another. The figures are further rendered inadequate by variations in management practice in avoiding price inflation and minimizing fluctuations resulting from the impact of price wars. The same may be said for the use (or otherwise) of the last-in-first-out theory and the pricing of inventories at cost or market, whichever lower, which injects a factor bearing no relation to cost and variable according to market.

You will realize, we are sure, that the character of our response to this question is not dictated from any unwillingness to cooperate fully but, on the contrary, we would much prefer not to submit material which would itself be meaningless for your purpose.

SKELLY OIL COMPANY

REPLY TO ITEM #32 OF T. N. E. C. QUESTIONNAIRE

32. Summary cost statement for each domestic refinery operated (a) by the reporting company, or (b) by its subsidiaries or affiliates, for the year 1938, showing the principal elements of cost determining the cost of a gallon of gasoline and fuel oil (separately), at the refinery gate (exclusive of any selling expenses). Explain briefly the costing policy followed with particular reference to the method.

Answer:

(a) El Dorado (Kansas) Refinery of Reporting Company:

Cost items—including depreciation and general overhead

	Barrels	Amount
Crude oil (Including Pipeline).....	7, 373, 991	\$9, 720, 411. 67
Operating and Maintenance:		
Superintendence.....		25, 062. 03
Labor—Operating.....		300, 650. 08
Supplies.....		39, 331. 63
Fuel.....		445, 020. 39
Chemicals (Including tetra-ethyl lead).....		534, 038. 38
Purchased Current.....		80, 598. 25
Insurance.....		10, 245. 46
Taxes.....		16, 391. 26
Automotive.....		13, 225. 52
Cleaning:		
Labor.....		13, 514. 89
Supplies.....		7, 691. 14
Maintenance:		
Labor.....		61, 685. 82
Materials, etc.....		130, 343. 45
Sundries.....		60, 147. 30
Tank Car Rent Demurrage, etc.....		89, 623. 05
Blending Stock Used (Natural Gasoline, etc.).....	389, 225	720, 302. 86
Containers Used.....		15, 785. 63
Depreciation on Plant and Equipment.....		363, 168. 54
General and Administrative Expense.....		113, 605. 37
	7, 763, 216	12, 780, 842. 72
Less:		
Processing and Storage Loss.....	25, 559	
Miscellaneous Earnings.....		11, 428. 30
Production and Cost.....	7, 737, 657	12, 749, 414. 42
(Gallons).....	324, 981, 594	

Cost items—including depreciation and general overhead—Continued

Total cost above is apportioned to products in ratio to realizable value of production; therefore no separate cost of gasoline and fuel oil is given. The cost apportionment is as follows:

	Production (Gallons)	Amount
Gasoline.....	190, 976, 534	\$9, 365, 609. 75
Kerosene.....	15, 098, 072	640, 063. 83
Tractor and Furnace Oil.....	31, 451, 430	1, 235, 377. 33
Fuel Oil.....	47, 565, 855	702, 097. 50
Road Oil and Asphalt.....	20, 964, 273	495, 276. 31
Other Products.....	18, 925, 430	310, 989. 70
	324, 981, 504	\$12, 749, 414. 42
Gasoline—Cost per Gallon.....		\$.04904
Fuel Oil—Cost per Gallon.....		.01476

(b) The reporting company operates only one refinery itself and operates none through subsidiaries or affiliates.

MAY 24, 1939.

SOCONY-VACUUM OIL CO., INCORPORATED

REPLY TO QUESTION 32 OF TNEC QUESTIONNAIRE

It is not possible for us to answer this question for reasons explained in our answer to 11k (1).

Report of Socony-Vacuum Oil Company, Inc., temporary National Economic Committee, Washington, D. C.—questionnaire for oil companies—answers to supplemental questions contained in letter dated July 14, 1939

[Question 32]

INVENTORY OF GASOLINE AND FUEL OIL

	Gallons	Inventory Value	Average (Per Unit)
Magnolia:			
Gasoline.....	50, 069, 922	2, 067, 810. 34	.0413
Light Fuel Oil.....	37, 163, 906	902, 526. 68	.0243
Heavy Fuel Oil.....	164, 399, 910	2, 452, 079. 33	.0149
General:			
Gasoline.....	67, 632, 895	3, 097, 437. 51	.0458
Light Fuel Oil.....	71, 813, 368	1, 626, 787. 56	.0227
Heavy Fuel Oil.....	349, 747, 017	5, 163, 263. 67	.0148
Socony-Vacuum:			
Gasoline.....	263, 558, 652	14, 655, 257. 13	.0556
Light Fuel Oil.....	171, 245, 286	5, 946, 175. 28	.0348
Heavy Fuel Oil.....	90, 216, 855	1, 848, 758. 99	.0205
Overall Averages:			
Gasoline.....	381, 261, 469	19, 820, 504. 98	.0520
Light Fuel Oil.....	280, 222, 560	8, 495, 439. 52	.0303
Heavy Fuel Oil.....	604, 363, 782	9, 464, 101. 99	.0157

STANDARD OIL COMPANY (INDIANA)

REPLY TO ITEM #32 OF T. N. E. C. QUESTIONNAIRE

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The answer to this question has been premised on the recognized fact that the actual cost of manufacturing gasoline cannot be determined. The company has attempted, however, to answer the question in such a way as to inform the Committee as best it can the method employed for the company's own accounting purposes. Some of the subsidiaries use other methods and these have also been included. The answer is submitted with the express understanding that it be interpreted with the foregoing limitations.

*Summary of cost statement—gasoline and naphthas, Whiting Refinery, as of
December 31, 1938*

	Cost Per Gallon of Gasoline
Cost of Crude, F. O. B. Whiting, Indiana.....	\$0. 0583
Manufacturing expense:	
Direct and Indirect Labor.....	\$0. 0016
Repairs.....	. 0019
Fuel.....	. 0021
Steam and Power.....	. 0008
Chemicals.....	. 0003
Still Cleaning Expense.....	. 0008
Miscellaneous Expense.....	. 0019
	. 0094
Overhead Expense.....	. 0028
Depreciation Expense.....	. 0016
Total Cost.....	\$. 0721
Less: Credit for By-Products valued on the basis of value of gasoline content and/or approximate net realizable value of residuals.....	. 0178
Balance, being cost of a gallon of gasoline and naphthas.....	\$. 0543

The costing policy followed for this refinery in estimating the cost of gasoline is commonly known in the industry as the "By-Product Method." Under this method the estimated cost of gasoline is determined by first ascertaining the sum of (1) cost of the crude oil delivered to the Light Oil Department, plus (2) the cost of processing the crude oil, plus (3) the pro rata share of general refinery overhead and depreciation expense. From the sum thus obtained is deducted the value of all by-products (Products other than gasoline) produced jointly in the refining operation. The amount remaining represents the estimated cost of gasoline produced from the crude consumed.

The credit taken for by-products under this method is determined by valuing the products commonly termed "Residual Stocks" on the basis of their net realizable value to the refinery, and products commonly termed "Distillate Stocks" on the basis of their value for gasoline making purposes.

Under this method all expenses incurred within the Light Oil Department proper of the refinery are allocated directly to gasoline. Expenses of a general refinery nature are allocated first to the Light Oil Department proper of the refinery on various pro rata bases such as labor, volume, investment, and time studies and then charged directly to gasoline.

The cost of fuel oil is determined as follows—when by-products are utilized as by-products or when sold as by-products, values assigned thereto as explained in the foregoing are considered to be the cost of such by-products.

*Summary of cost statement—gasoline and naphthas, Wood River Refinery, as of
December 31, 1938*

	<i>Cost Per Gallon of Gasoline</i>
Cost of Crude, F. O. B. Wood River, Illinois.....	\$. 0528
Manufacturing Expense:	
Direct and Indirect Labor.....	\$. 0016
Repairs.....	. 0022
Fuel.....	. 0020
Steam and Power.....	. 0019
Chemicals.....	. 0002
Still Cleaning Expense.....	. 0006
Miscellaneous Expense.....	. 0026
	. 0111
Overhead Expense.....	. 0022
Depreciation Expense.....	. 0025
Total Cost.....	\$. 0686
Less: Credit for By-Products valued on the basis of value of gasoline content and/or approximate net realizable value of residuals.....	. 0154
Balance, being cost of a gallon of gasoline and naphthas.....	\$. 0532

The costing policy followed for this refinery in estimating the cost of gasoline is commonly known in the industry as the "By-Product Method." Under this method the estimated cost of gasoline is determined by first ascertaining the sum of (1) cost of the crude oil delivered to the Light Oil Department, plus (2) the cost of processing the crude oil, plus (3) the pro rata share of general refinery overhead and depreciation expense. From the sum thus obtained is deducted the value of all by-products (products other than gasoline) produced jointly in the refining operation. The amount remaining represents the estimated cost of gasoline produced from the crude consumed.

The credit taken for by-products under this method is determined by valuing the products commonly termed "residual stocks" on the basis of their net realizable value to the refinery, and products commonly termed "distillate stocks" on the basis of their value for gasoline making purposes.

Under this method all expenses incurred within the Light Oil Department proper of the refinery are allocated directly to gasoline. Expenses of a general refinery nature are allocated first to the Light Oil Department proper of the refinery on various pro rata bases such as labor, volume, investment, and time studies and then charged directly to gasoline.

The cost of fuel oil is determined as follows—when by-products are utilized as by-products or when sold as by-products, values assigned thereto as explained in the foregoing are considered to be the cost of such by-products.

*Summary of cost statement—gasoline and naphthas, Sugar Creek Refinery, as of
December 31, 1938*

	<i>Cost Per Gallon of Gasoline</i>
Cost of Crude, F. O. B. Sugar Creek, Missouri.....	\$. 0535
Manufacturing Expense:	
Direct and Indirect Labor.....	\$. 0018
Repairs.....	. 0022
Fuel.....	. 0017
Steam and Power.....	. 0012
Chemicals.....	. 0003
Still Cleaning Expense.....	. 0006
Miscellaneous Expense.....	. 0025
	. 0103
Overhead Expense.....	. 0024
Depreciation Expense.....	. 0034
Total Cost.....	. 0696
Less: Credit for By-Products valued on the basis of value of gasoline content and/or approximate net realizable value of residuals.....	. 0195
Balance, being cost of a gallon of gasoline and naphthas.....	. 0501

The costing policy following for this refinery in estimating the cost of gasoline is commonly known in the industry as the "By-Product Method." Under this method the estimated cost of gasoline is determined by first ascertaining the sum of (1) cost of the crude oil delivered to the Light Oil Department, plus (2) the cost of processing the crude oil, plus (3) the pro rata share of general refinery overhead and depreciation expense. From the sum thus obtained is deducted the value of all by-products (Products other than gasoline) produced jointly in the refining operation. The amount remaining represents the estimated cost of gasoline produced from the crude consumed.

The credit taken for by-products under this method is determined by valuing the products commonly termed "residual stocks" on the basis of their net realizable value to the refinery, and products commonly termed "distillate stocks" on the basis of their value for gasoline making purposes.

Under this method all expenses incurred within the Light Oil Department proper of the refinery are allocated directly to gasoline. Expenses of a general refinery nature are allocated first to the Light Oil Department proper of the refinery on various pro rata bases such as labor, volume, investment, and time studies and then charged directly to gasoline.

The cost of fuel oil is determined as follows—when by-products are utilized as by-products or when sold as by-products, values assigned thereto as explained in the foregoing are considered to be the cost of such by-products.

Summary of cost statement—gasoline and naphthas, Casper Refinery, as of December 31, 1938

	Cost Per Gallon of Gasoline
Cost of Crude, F. O. B. Casper, Wyoming-----	\$0. 0568
Manufacturing Expense:	
Direct and Indirect Labor-----	\$0. 0016
Repairs-----	. 0026
Fuel-----	. 0020
Steam and Power-----	. 0022
Chemicals-----	. 0001
Still Cleaning Expense-----	. 0005
Miscellaneous Expense-----	. 0043
	<hr/>
	. 0133
Overhead Expense-----	. 0039
Depreciation Expense-----	. 0131
	<hr/>
Total Cost-----	. 0871
Less: Credit for By-Products valued on the basis of value of gasoline content and/or approximate net realizable value of residuals-----	. 0230
	<hr/>
Balance, being cost of a gallon of gasoline and naphthas-----	. 0641

The costing policy followed for this refinery in estimating the cost of gasoline is commonly known in the industry as the "By-Product Method." Under this method the estimated cost of gasoline is determined by first ascertaining the sum of (1) cost of the crude oil delivered to the Light Oil Department, plus (2) the cost of processing the crude oil, plus (3) the pro rata share of general refinery overhead and depreciation expense. From the sum thus obtained is deducted the value of all by-products (products other than gasoline) produced jointly in the refining operation. The amount remaining represents the estimated cost of gasoline produced from the crude consumed.

The credit taken for by-products under this method is determined by valuing the products commonly termed "residual stocks" on the basis of their net realizable value to the refinery, and products commonly termed "distillate stocks" on the basis of their value for gasoline making purposes.

Under this method all expenses incurred within the Light Oil Department proper of the refinery are allocated directly to gasoline. Expenses of a general refinery nature are allocated first to the Light Oil Department proper of the refinery on various pro rata bases such as labor, volume, investment, and time studies and then charged directly to gasoline.

The cost of fuel oil is determined as follows—when by-products are utilized as by-products or when sold as by-products, values assigned thereto as explained in the foregoing are considered to be the cost of such by-products.

Summary of cost statement—Gasoline and naphthas, Neodesha refinery, as of December 31, 1938

	<i>Cost per Gallon of Gasoline</i>
Cost of Crude, F. O. B. Neodesha, Kansas.....	\$0. 0525
Manufacturing Expense:	
Direct and Indirect Labor.....	\$0. 0020
Repairs.....	. 0020
Fuel.....	. 0015
Steam and Power.....	. 0008
Chemicals.....	. 0001
Still Cleaning Expense.....	. 0005
Miscellaneous Expense.....	. 0038
	. 0107
Overhead Expense.....	. 0035
Depreciation Expense.....	. 0045
Total Cost.....	\$0. 0712
Less: Credit for By-Products valued on the basis of value of gasoline content and/or approximate net realizable value of residuals.....	. 0156
Balance, being cost of a gallon of gasoline and naphthas.....	\$0. 0556

The costing policy followed for this refinery in estimating the cost of gasoline is commonly known in the industry as the "By-Product Method". Under this method the estimated cost of gasoline is determined by first ascertaining the sum of (1) cost of the crude oil delivered to the Light Oil Department, plus (2) the cost of processing the crude oil, plus (3) the pro rata share of general refinery overhead and depreciation expense. From the sum thus obtained is deducted the value of all by-products (products other than gasoline) produced jointly in the refining operation. The amount remaining represents the estimated cost of gasoline produced from the crude consumed.

The credit taken for by-products under this method is determined by valuing the products commonly termed "residual stocks" on the basis of their net realizable value to the refinery, and products commonly termed "distillate stocks" on the basis of their value for gasoline making purposes.

Under this method all expenses incurred within the Light Oil Department proper of the refinery are allocated directly to gasoline. Expenses of a general refinery are allocated first to the Light Oil Department proper of the refinery on various pro rata bases as labor, volume, investment, and time studies and then charged directly to gasoline.

The cost of fuel oil is determined as follows—when by-products are utilized as products or when sold as by-products, values assigned thereto as explained in foregoing are considered to be the cost of such by-products.

Summary of cost statement—Gasoline and naphthas, Greybull refinery, as of December 31, 1938

	<i>Cost per Gallon of Gasoline</i>
Cost of Crude, F. O. B. Greybull, Wyoming.....	\$0. 0442
Manufacturing Expense:	
Direct and Indirect Labor.....	\$0. 0016
Repairs.....	. 0007
Fuel.....	. 0015
Steam and Power.....	. 0022
Chemicals.....	. 0001
Still Cleaning Expense.....	. 0001
Miscellaneous Expense.....	. 0031
	. 0092
Overhead Expense.....	. 0023
Depreciation Expense.....	. 0042
Total Cost.....	\$0. 0599
Less: Credit for By-Products valued on the basis of value of gasoline content and/or approximate net realizable value of residuals.....	. 0099
Balance, being cost of a gallon of gasoline and naphthas.....	\$0. 0500

The costing policy followed for this refinery in estimating the cost of gasoline is commonly known in the industry as the "By-Product Method". Under this method the estimated cost of gasoline is determined by first ascertaining the sum of (1) cost of the crude oil delivered to the Light Oil Department, plus (2) the cost of processing the crude oil, plus (3) the pro rata share of general refinery overhead and depreciation expense. From the sum thus obtained is deducted the value of all by-products (products other than gasoline) produced jointly in the refining operation. The amount remaining represents the estimated cost of gasoline produced from the crude consumed.

The credit taken for by-products under this method is determined by valuing the products commonly termed "residual stocks" on the basis of their net realizable value to the refinery, and products commonly termed "distillate stocks" on the basis of their value for gasoline making purposes.

Under this method all expenses incurred within the Light Oil Department proper of the refinery are allocated directly to gasoline. Expenses of a general refinery nature are allocated first to the Light Oil Department proper of the refinery on various pro rata bases such as labor, volume, investment, and time studies and then charged directly to gasoline.

The cost of fuel oil is determined as follows—when by-products are utilized as by-products or when sold as by-products, values assigned thereto as explained in the foregoing are considered to be the cost of such by-products.

Pan American Petroleum & Transport Company and subsidiary companies

	Gallons	Estimated Realization Value of Current Month's Production		Cost of Current Month's Production	
		Per Gallon	Amount	Per Gallon	Amount
Elements of Costs Determining the Costs of Products Produced:					
Cost of Crude and Crude Equivalent Consumed.....	x	-----	-----	x	.x
Direct Manufacturing Expense.....		-----	-----		x
Manufacturing Overhead Expense.....		-----	-----		x
Real Estate and Personal Property Taxes.....		-----	-----		x
Depreciation.....		-----	-----		x
Total Combined Cost of All Products Produced from Crude and Crude Equivalent Consumed.....		-----	-----		x (1)
Allocation of Total Combined Cost to Products Produced on the Basis of Relative Estimated Realization Values Computed at average sales prices for Six Months ending with Current Month:					
Products Produced:					
Gasoline.....	x	x	x	x	x
Kerosene.....	x	x	x	x	x
Domestic Fuel Oil.....	x	x	x	x	x
Heavy Fuel Oil.....	x	x	x	x	x
Asphalt.....	x	x	x	x	x
Total Value and Cost of Products.....	x	-----	x (2)	-----	x (1)

In order to determine the cost of each product, Total Cost (1) is prorated to the various products in the same ratio that the estimated realization value of each product bears to the Total Value (2).

The foregoing method of costing products produced is followed uniformly for each refinery and is used primarily for the purpose of valuing product inventories. Inventory values are adjusted to market values whenever cost exceeds market value.

Expenses included in Total Cost (1) consist of all expense incurred directly in connection with operation of the refinery such as operating labor, maintenance and repairs, fuel, treating chemicals, supplies, utilities, local supervision, office, laboratory, etc., but do not include selling and general office administrative expenses.

Pan American Southern Corporation and subsidiary companies

	Gallons	Estimated Realization Value of Current Month's Production		Cost of Current Month's Production	
		Per Gallon	Amount	Per Gallon	Amount
Elements of Costs Determining the Costs of Products Produced:					
Cost of Crude and Crude Equivalent Consumed.....	x			x	x
Direct Manufacturing Expense.....					x
Manufacturing Overhead Expense.....					x
Real Estate and Personal Property Taxes.....					x
Depreciation.....					x
Total Combined Cost of All Products Produced from Crude and Crude Equivalent Consumed.....					x (1)
Allocation of Total Combined Cost to Products Produced on the Basis of Relative Estimated Realization Values Computed at average sales prices for Six Months ending with Current Month:					
Products Produced:					
Gasoline.....	x	x	x	x	x
Kerosene.....	x	x	x	x	x
Domestic Fuel Oil.....	x	x	x	x	x
Heavy Fuel Oil.....	x	x	x	x	x
Asphalt.....	x	x	x	x	x
Total Value and Cost of Products.....	x		x (2)		x (1)

In order to determine the cost of each product, Total Cost (1) is prorated to the various products in the same ratio that the estimated realization value of each product bears to the Total Value (2).

The foregoing method of costing products produced is followed uniformly for each refinery and is used primarily for the purpose of valuing product inventories. Inventory values are adjusted to market values whenever cost exceeds market value.

Expenses included in Total Cost (1) consist of all expense incurred directly in connection with operation of the refinery such as operating labor, maintenance and repairs, fuel, treating chemicals, supplies, utilities, local supervision, office, laboratory, etc., but do not include selling and general office administrative expenses.

Stanolind Oil and Gas Company

Summary cost statement for Superior Refinery for the year 1938, showing the principal elements of cost determining the cost of a gallon of gasoline and fuel oil

	Cost of Gallon of Gasoline
Cost of Crude Oil, F. O. B. Superior, Louisiana.....	\$0. 0398
Manufacturing Expense:	
Direct and Indirect Labor.....	\$0. 0026
Repairs.....	. 0018
Fuel.....	. 0014
Steam and Power.....	. 0015
Chemicals.....	. 0002
Miscellaneous.....	. 0020
Total Manufacturing Expense.....	. 0095
Overhead Expense.....	. 0038
Depreciation Expense.....	. 0026
Total Cost.....	. 0557
Less: Credit for By-Products Valued on the Basis of Value of Gasoline Content and/or Net Realizable Value of Residuals.....	. 0053
Balance, Being Cost of a Gallon of Gasoline.....	. 0504

The costing policy followed for this refinery in estimating the cost of gasoline is commonly known in the industry as the "By-Product Method". Under this method the estimated cost of gasoline is determined by first ascertaining the sum of (1) the delivered cost of crude oil consumed, plus (2) the cost of processing the crude oil, plus (3) overhead and depreciation expense. From the sum thus obtained is deducted the value of all by-products (products other than gasoline) produced in the refining operation. The amount remaining represents the estimated cost of gasoline produced from the crude consumed.

The credit taken for by-products under this method is determined by valuing the products commonly termed "Residual Stocks" on the basis of their net realizable value to the refinery, and products termed "Distillate Stocks" on the basis of their value for gasoline making purposes.

The amount realized at the refinery for fuel oil sold is considered as the cost of fuel oil produced.

Utah Oil Refining Company

Analysis of costs

Costs Controllable by Unit Supervision:		Total amount
102	General Process Labor—Direct	20, 274. 73
104	Stillmen	24, 127. 70
105	Stillmen Helpers	31, 480. 79
106	Firemen	23, 382. 19
109	Treaters	593. 86
111	Pumpers	330. 48
Total Process Labor		100, 189. 75
125	Other than Process Labor	7, 755. 06
200	Repairs—General Direct—Labor	36, 608. 33
200	Repairs—General Direct—Material	14, 786. 69
201	Repairs—Still—Labor	31, 797. 36
201	Repairs—Still—Material	19, 487. 16
Total Repairs		102, 679. 54
300	Steam	82, 422. 12
Fuel:		
330	Fuel Oil	58, 343. 49
334	Still Gas	98, 201. 89
335	Purchased Gas	2, 226. 27
Total Fuel		158, 771. 65
Total Chemicals		8, 579. 52
468	Still Cleaning Expense	35, 763. 16
470	Foremen	11, 229. 05
474	Miscellaneous Material & Supplies	5, 149. 37
502	Handling Coke	5, 457. 03
600	Electric Light and Power	21, 769. 12
601	Water	13, 810. 56
602	Pump House Expense	3, 072. 54
603	Air Compressor Expense	4, 778. 20
604	Telephone Expense	118. 83
605	Vacation Expense	5, 971. 74
Total Controllable by Unit Supervision		567, 517. 24
Costs Controllable by Dept. Supervision:		
622	Research & Technical Service Expense	8, 536. 94
623	Estimating & Drafting Dept. Expense	2, 604. 00
625	Oil Inspection Expense	13, 679. 37
627	Automobile Expense	4, 883. 86
Total Controllable by Dept. Supervision		29, 704. 17

Analysis of costs—Continued

Costs Controllable by Refy. Supervision, Etc.		<i>Total amount</i>
640	Refinery Supervision.....	\$12, 284. 64
643	Commissary Expense.....	870. 15
644	Safety, Ind. Relations & Emp. Bur. Exp.....	97. 10
645	Works Office Expense.....	7, 082. 74
647	General Works Repairs.....	1, 541. 82
648	General Works Expense.....	6, 958. 89
657	Utilities Dept. Expense.....	1, 707. 82
Total Controllable by Refy. Supervision, Etc.....		30, 543. 16
Grand Total.....		627, 764. 57

Divisor for Above Costs:

Total Crude Run, 103,732,348 Gal.; 0.6052 Cost per 100 gal. crude oil run.

We do not have available for ready use Yields and Costs for the Year 1938 in order to show detailed elements of cost determining the cost per gallon of gasoline and fuel oil. However, we are showing below the average cost for the year of the major brands of gasoline and fuel oil:

	<i>Average Cost Per Gal, 1938</i>
Ethyl Gasoline.....	\$0. 0762
Pep Gasoline.....	. 0713
Stanolind Gasoline.....	. 0684

Fuel Oil: Value Per Gallon..... \$0. 0191

NOTE.—The value of \$0.0191 per gallon for Fuel Oil is predetermined, and is based on replacement cost of natural gas in the event it becomes necessary to purchase our fuel.

Method used in arriving at cost of finished products is the ratio of total cost to total market value—briefly stated as follows:

(1) *Total market value.*—For convenience of costing, Yields of Gasoline and By-Products are shown in units of 100 gallons Crude Oil consumed. Apply the sales value to each product manufactured and the result is market value of 100 gallons Crude Oil consumed.

(2) *Total cost.*—Total cost of processing 100 gallons Crude Oil is determined by adding the following:

Cost of 100 gallons Crude Oil consumed.

Cost of processing 100 gallons Crude in Light Oils Department as shown in Summary Cost Statement.

Overhead Expenses (Less Selling Expense) /100 gallons Crude Oil consumed.

Depreciation Expense /100 Crude Oil consumed.

(3) *Ratio.*—Divide the total cost, the sum of (2) above by total market value as shown in (1) for the ratio of total cost to total sales, and apply this ratio to the sales value of each product produced for the cost of each product.

In arriving at the value of an unfinished stock, it is first necessary to ascertain the amount of theoretically finished products obtainable when same is processed in the plant. Then apply the value to these theoretically finished products less the necessary finishing costs and the remainder is the value of the unfinished stock.

STANDARD OIL COMPANY (KENTUCKY)

REPLY TO ITEM 32 OF T. N. E. C. QUESTIONNAIRE

Standard Oil Company (Kentucky) refinery was entirely closed in the early part of 1931. Therefore, we have not attempted to give you any figures for the 2-1/4 years in which the refinery was operated only on a small scale. All gasoline or oils taken from our refinery during that period are included as purchases. During the period mentioned, all sales from our refinery were included with regular company sales.

STANDARD OIL COMPANY (NEW JERSEY)

SUPPLEMENTAL REPLY TO ITEM #32 OF TNEC QUESTIONNAIRE, AS CONTAINED IN
INFORMATION FORWARDED SEPTEMBER 19, 1939

An answer to this question is being compiled and will be submitted as soon as possible.

HUMBLE OIL & REFINING COMPANY, SUBSIDIARY OF STANDARD OIL COMPANY
(NEW JERSEY)

QUESTION NO. 32

Attached are Cost Statements for all the Refineries of the Humble Oil & Refining Company for the year 1938, showing the elements of cost entering into product costs. Since the cost of practically all domestic crude oil to the refinery normally exceeds the market price of residual fuel oil, manufacturing operations are usually carried on for minimum production of residual fuel oil of satisfactory quality and consequently its cost is not determined but its value is considered to be the price realized for it in the open market. The refinery is credited for its residual fuel oil production on this basis. Thus, the "elements" which enter into the costs of products other than residual fuel oil are (A) cost of crude oil and other petroleum raw material; and (B) the refinery processing expense applicable to the manufacture of these products, less (C) the credit for the residual fuel oil production accompanying the manufacture of these distillate products. In the following paragraphs will be explained briefly the method of distributing refinery processing expense among the various operations, the fundamental basis underlying the costing policy and the methods of proration used in distributing each of the above "elements of cost" among the various products.

REFINERY PROCESSING EXPENSE

Refinery cost records are required in sufficient detail to indicate with reasonable accuracy the cost of processing on each individual unit. Each refinery operation has an account to which is charged the direct expense—such as operating labor, repairs, etcetera—associated with the operation. The cost of service functions—such as steam, electricity, etcetera—is distributed to the processing operations on the basis of the amounts of utilities consumed by each. Refinery overhead expense is distributed among the refinery processing units on the basis of the direct labor, material and utilities costs—excluding plant fuel and chemicals—for each unit. Certain miscellaneous charges and credits not included in any of the above costs are incurred in the refinery. These items—such as general corporate expense, fire losses, etcetera—are of such a nature that their distribution among products must of necessity be largely arbitrary. They are distributed on the basis of the cost of the products before the inclusion of these miscellaneous items. These costs of products are obtained after applying the residual fuel oil debits and credits as explained below.

COSTING POLICY

The primary function of our overall refinery operations is considered to be the production of motor fuel, which is the most important product marketwise, and which can be obtained by processing crude oil for maximum yield of gasoline and minimum yield of residual fuel oil and gas. In some cases gasoline is produced in this manner. For this type of operation, the cost of gasoline is equal to the cost of crude oil, plus the manufacturing expense, less the credit for residual fuel oil and gas. The following table illustrates the method of calculating the cost of gasoline for the maximum gasoline yield type operation:

TABLE I.—*Cost of gasoline*

Cost of one barrel of crude oil F. O. B. refinery.....	\$1. 45
Cost of processing one bbl. of crude oil for maximum gasoline.....	0. 40
Total debits.....	\$1. 85
Credit for 0.40 bbl. of residual fuel oil, including gas at fuel oil equivalent, produced from one bbl. of crude oil, when running for maximum gasoline, at market value of \$0.90 per barrel.....	\$0. 36

TABLE I.—*Cost of gasoline*—Continued

Net cost of 0.60 bbl. of gasoline produced from one bbl. of crude oil, when running for maximum gasoline, excluding "Miscellaneous Refinery Charges & Credits",

	\$ per bbl. of crude oil.....	\$1. 49
	\$ per bbl. of gasoline.....	\$2. 48
Miscellaneous Refy. Chg. & Cr.	\$ per bbl. of gasoline.....	\$0. 03
Total Cost of Gasoline—\$ per bbl.....		\$2. 51
	¢ per gal.....	5. 98

If intermediate products, such as refined oil, heating oil, etcetera, are produced by segregating portions of the crude stream, the potential yield of gasoline available in these fractions must, if total gasoline production is to be held constant, be replaced by an equivalent volume of gasoline which can be produced by processing additional crude oil for maximum gasoline yield. Thus the petroleum fractions which compose intermediate products have a base value as potential sources of gasoline, the value of the potential gasoline being its cost as produced from crude oil by a maximum yield operation. This is the fundamental principle underlying our costing policy. To illustrate, suppose the cost of heating oil is desired. First, the maximum yield of gasoline and the yield of residual oil fuel and gas attainable by cracking the heating oil are determined from correlations based on laboratory and plant test data. In the following hypothetical example, it is assumed that 55 per cent of gasoline and 45 per cent of residual fuel oil and gas would be obtained by cracking the heating oil and that the cost of the cracking operation would be 45 cents per barrel. The method used in calculating the cost of the heating oil is as follows:

TABLE II.—*Cost of heating oil*

0.55 bbl. of potential gasoline x \$2.48 per bbl. (See Tab. I).....	\$1. 36
Plus 0.45 bbl. of potential residual fuel oil and gas x \$0.90 per bbl.....	0. 41
	<hr/> \$1. 77
Less manufacturing expense involved in making maximum gasoline from heating oil.....	. 45
	<hr/>
Replacement Cost of Heating Oil base stock.....	\$1. 32
Plus cost of finishing base stock to produce marketable heating oil.....	. 12
	<hr/>
Cost of heating oil exclusive of miscellaneous charges and credits—per barrel.....	\$1. 44
Plus misc. refinery charges and credits—per bbl.....	. 02
	<hr/>
Cost of finished heating oil—\$ per barrel.....	\$1. 46
	¢ per gallon..... 3. 48

After the above outlined methods of distributing the elements of cost have been applied to all products made, all the crude oil costs and processing costs for the refinery are fully accounted for. This procedure, if carried out in the manner outlined, involves considerable detailed effort if the refinery is one producing many different products.

* * * * *

Entirely apart from the method of costing products heretofore described, and for the sake of simplicity in view of the large number of grades carried, inventories are evaluated by a special method which represents a combination of the "Crude Replacement Method" heretofore described, and the method known as the "Federal Trade Commission Method" or "Sales Value Method." A brief description of this special method follows:

Fuel Oil and plant produced gas are credited to the total cost of crude oil and other raw material at their realization or sales value, less the cost of storage, handling and shipping. The balance of the raw material cost is distributed ratably to gasoline and all other products on the basis of the potential gasoline and fuel oil contents of each separate grade, multiplied respectively by the sales value of gasoline (less the manufacturing cost applicable to gasoline production) and the sales value of fuel oil (less cost of storage, handling and shipping). For

products other than gasoline, the potential gasoline and fuel oil content is based upon cracking each grade for maximum gasoline production, and the yields are determined from correlations based upon laboratory and plant test data. Thus the total cost of crude and other raw material, after crediting the net sales value of residual fuel oil and gas, is distributed ratably to gasoline based on its sales value less manufacturing expense, and to all other products on the equivalent potential gasoline-fuel oil value of the same.'

Since the total manufacturing expense is currently allocated to each operating unit in the refinery, the major portion of this expense can be distributed on an equitable basis to the various grades of products based upon the use of such equipment in their production, leaving only a very small amount of such expense on which it is necessary to use a more or less arbitrary basis.

After having distributed the raw material and manufacturing expense to each grade as above described, the cost of any blending stocks, such as casinghead gasoline, is added to the cost of the manufactured products into which they are mixed, to arrive at the final cost of each grade. Such product costs are calculated each month and applied to inventories on a first-in; first-out basis.

Summary of operating costs—Baytown Refinery, year 1938.

	Total labor	Material & supplies	Miscellaneous expense	Chemicals	Fuel	Depreciation	Taxes	Total expense	Less credits	Net expense
Refinery Burden or Overhead.....	\$1,636,180.52	\$226,514.28	\$1,454,901.44		\$2,495.17	\$424,110.41	\$396,951.57	\$4,141,153.39	\$ (441,955.08)	\$3,699,198.31
Steam Boilers.....	198,920.87	58,405.14	2,527.89	\$18.90	1,032,850.52			1,342,723.32	(28,768.24)	1,313,955.08
Electricity.....	54,527.41	10,032.50	4.45					64,564.36	(18,359.47)	46,204.89
Fresh and Salt Water.....	38,219.53	3,399.26	243.74	59.46				41,921.99	(1,521.12)	40,400.87
Water Treating.....	17,559.98	3,608.53	412.62	21,253.32				42,834.45		42,834.45
Air.....	11,945.25	1,248.52						13,193.77	(4,552.76)	8,641.01
Pumping.....	480,552.04	48,557.98	1,086.77					530,196.79		530,196.79
Gas Dist. Expense.....	3,156.20	1,902.70	100.71			5,165.47		11,621.30		11,621.30
Crude & Rerun Distilling.....	863,833.12	181,846.81	25,551.88	32,716.06	729,925.08	577,613.91	1,296.22	2,501,732.16		2,501,732.16
Cracking Coils.....	701,010.61	238,735.17	5,604.02	573.62	713,481.53	186,322.61	73,678.53	2,034,408.09		2,034,408.09
Thermal Polymerization Unit.....	145,042.69	50,494.14	1,693.90	490.51	120,131.17	224,984.27	20,889.76	593,693.84		593,693.84
Gasoline Abs. & Stab.....	222,612.46	116,865.33	247.17		13,065.09	167,824.72	32,917.83	594,132.60		594,132.60
Co-Polymer Plant.....	62,277.59	23,414.64	51.52	38,370.41		11.90	78.85	207,777.25		207,777.25
Dimer Plant.....	17,585.24	2,554.97	5,058.53	17,935.94	832.76	18,783.86	1,911.51	64,662.81		64,662.81
Light Oil Treating.....	308,469.21	53,582.42	10,952.30	329,534.59		208,783.38	38,969.66	980,291.46		980,291.46
Lube Oil Treating.....	52,885.64	8,110.31	599.23	73,437.50		24,647.99	8,843.54	168,574.31		168,574.31
Acid Plant.....	68,538.57	14,213.83	1,271.31	1,060.58	13,932.97	16,469.63	2,714.77	118,201.66		118,201.66
Lead Regeneration.....	22,864.58	3,308.21				5,498.66	612.42	32,283.87		32,283.87
Caustic Prewash Plant.....	10,208.75	649.61				809.22	178.49	11,846.10		11,846.10
Propane Lube Plant.....	166,328.20	77,289.19	211.74	174,567.42	26,073.00	228,553.50	24,414.01	697,447.06		697,447.06
Contact Clay Filtering.....	85,598.91	23,847.37	1,318.22	130,680.36	10,903.02	29,776.51	5,051.46	287,180.85		287,180.85
Dewaxing Unit.....	31,462.97	4,706.12	73.76	1,058.63		28,696.96	4,575.24	70,573.68		70,573.68
Filtering Furnace Oil.....	16,445.12	2,909.54		60.61		9,622.41	2,612.68	31,673.33		31,673.33
Compounding & Blending.....	36,698.37	6,413.02	2,198.79	777,355.70		24,464.23	6,580.85	833,716.96		833,716.96
Slop Recovery, etc.....	30,084.09	1,172.46	12,586.46			29,885.71	5,323.03	79,053.77		79,053.77
Storage & Handling.....	64,539.60	23,433.42	22,573.51			154,677.61	47,196.96	312,411.10		312,411.10
Receiving & Shipping.....	294,331.23	48,442.25	37,070.31			97,905.52	49,271.69	524,021.00		524,021.00
Other Misc. Operations.....		15,870.00	204.87		(4,840.54)		13,906.81	25,141.14		25,141.14
Total Operating Cost.....	5,691,898.15	1,303,527.75	1,586,510.14	1,599,225.71	2,709,493.24	2,548,180.92	838,256.50	16,277,092.41	(495,156.67)	15,781,935.74
Other Misc. Charges & Credits.....			2,443,138.74					2,443,138.74		2,443,138.74
Grand Total.....	\$5,691,898.15	\$1,303,527.75	\$4,029,648.88	\$1,599,225.71	\$2,709,493.24	\$2,548,180.92	\$838,256.50	\$18,720,231.15	\$ (495,156.67)	\$18,225,074.48

Summary of operating costs—Ingleside refinery, year 1938

	Total labor	Material and supplies	Miscellaneous expense	Chemicals	Fuel	Depreciation	Taxes	Total expense	Less credits	Net expense
Refinery Burden Expense.....	\$366,173.17	\$64,238.06	\$156,637.69	\$1,501.55	\$81.64	\$99,299.00	\$63,821.89	\$751,803.00	\$ (90,036.13)	\$661,766.82
Steam and Boilerhouses.....	45,930.60	7,636.11	3,063.81	3,012.74	117,859.74	---	---	179,508.00	(1,217.73)	178,290.27
Electricity.....	25,679.37	2,287.65	40,523.29	---	---	---	---	68,495.31	(45,634.73)	22,860.58
Fresh and Salt Water.....	24,503.16	3,420.16	14,338.29	903.46	---	---	---	43,215.07	(706.06)	42,449.01
Air.....	5,093.57	1,012.95	10.90	---	140.98	---	---	6,234.40	(611.91)	5,622.49
Pumping.....	46,014.93	7,631.07	851.52	---	---	---	---	54,437.57	---	54,437.57
Crude and Rerun Distilling.....	101,183.71	35,231.24	4,616.20	1,825.57	93,561.27	82,677.22	7,034.07	29,189.23	---	329,189.23
Cracking Coils.....	127,715.49	41,975.59	1,110.29	593.38	119,162.51	112,753.88	6,468.92	409,782.05	---	409,782.05
Gasoline Absorption Plants.....	59,657.59	21,913.80	1,790.12	---	11,834.61	25,494.20	2,354.05	123,094.37	---	123,094.37
Light Oil Treating.....	70,010.70	10,106.15	1,525.76	46,344.04	---	36,117.67	2,892.94	166,987.26	---	166,987.26
Acid Plants.....	4,989.79	792.85	108.06	---	585.59	1,085.34	61.04	7,622.67	---	7,622.67
Filtering Furnace Oil.....	10,425.05	811.82	7.00	1,242.33	---	4,587.52	263.52	17,337.25	---	17,337.25
Compounding & Blending.....	669.47	180.91	3.34	98,109.60	---	1,459.39	69.49	100,492.20	---	100,492.20
Shop Recovery.....	5,138.36	1,238.16	111.42	---	---	1,893.59	115.12	8,606.65	---	8,606.65
Storage and Handling.....	20,817.00	17,515.85	4,184.02	---	---	24,163.25	3,522.14	-70,202.26	---	70,202.26
Receiving and Shipping.....	45,407.03	5,198.63	38,860.82	---	---	17,695.83	8,027.62	115,189.93	---	115,189.93
Other Misc. Operations.....	---	---	---	---	(3,094.72)	(3,402.18)	4,556.89	(1,940.01)	---	(1,940.01)
Total Operating Costs.....	959,435.05	221,361.00	269,804.53	153,532.67	343,181.62	403,824.76	99,177.69	2,450,317.32	(138,236.61)	2,312,050.71
Other Misc. Charges and Credits.....	---	---	442,361.86	---	---	---	---	442,361.86	---	442,361.86
Grand Total.....	\$959,435.05	\$221,361.00	\$712,166.39	\$153,532.67	\$343,181.62	\$403,824.76	\$99,177.69	\$2,892,679.18	\$ (138,236.61)	\$2,754,442.57

Crude and purchased products consumed

Year 1938:

Baytown.....	\$64,277,543.90
Ingleside.....	12,061,963.48
San Antonio.....	1,239,273.91
Neches.....	450,852.45
Total.....	\$78,029,633.74

SUMMARY OF OPERATING COSTS—SAN ANTONIO REFINERY, YEAR 1938

	Total labor	Material and supplies	Miscellaneous expense	Chemicals	Fuel	Depreciation	Taxes	Total expense	Less credits	Net expense
Refinery Burden.....	\$16,670.50	\$2,274.04	\$9,590.67	---	---	---	---	\$37,671.28	---	\$37,671.28
Steam—Boilerhouses.....	5,835.41	1,004.35	187.06	\$1,353.86	\$24,643.77	\$4,992.00	\$3,144.07	33,025.35	---	33,025.35
Fresh Water.....	48.36	---	706.88	---	---	---	---	753.24	---	753.24
Pumping.....	8,561.96	2,322.99	135.30	---	84.02	1,209.24	70.11	12,953.62	\$(86.49)	12,867.13
Fuel Recovery System.....	76.84	76.23	---	---	---	---	---	153.07	---	153.07
Crude and Resin Distilling.....	14,927.26	2,441.60	2,041.10	378.57	9,877.21	14,907.47	114.36	46,512.65	---	46,512.65
Light Oil Treating.....	4,641.91	1,315.81	573.30	23,268.89	---	6,491.30	1,939.44	35,957.58	---	35,957.58
Compounding and Blending.....	1,327.97	198.67	25.64	37,626.17	---	639.36	695.87	39,859.29	---	39,859.29
Receiving and Shipping.....	6,634.93	822.85	168.77	---	---	1,089.79	129.48	8,895.82	---	8,895.82
Other Misc. Operations.....	---	---	1,119.36	---	(88.08)	---	---	1,031.28	---	1,031.28
Total Operating Costs.....	58,773.14	11,456.54	14,549.48	62,627.49	34,605.00	28,986.88	6,046.73	217,045.26	\$(86.49)	216,958.77
Other Misc. Charges and Credits.....	---	---	10,478.28	---	---	---	---	10,478.28	---	10,478.28
Grand total.....	\$58,773.14	\$11,456.54	\$25,027.76	\$62,627.49	\$34,605.00	\$28,986.88	\$6,046.73	\$227,523.54	\$(86.49)	\$227,437.05

SUMMARY OF OPERATING COSTS—NECHES REFINERY, YEAR 1938

	Total labor	Material and supplies	Miscellaneous expense	Chemicals	Fuel	Depreciation	Taxes	Total expense	Less credits	Net expense
Refinery Burden.....	\$8,559.25	\$723.02	\$4,488.50	---	---	---	---	\$21,211.71	---	\$21,211.71
Steam—Boilerhouses.....	3,129.00	294.18	344.00	---	---	---	---	3,890.61	---	3,890.61
Fresh Water.....	630.00	172.22	2,250.80	---	---	---	---	3,053.02	---	(1,473.11)
Pumping.....	1,320.90	156.15	365.00	---	---	---	---	2,409.31	---	2,409.31
Crude and Resin Distilling.....	14,187.82	596.01	411.00	---	5,903.31	291.45	275.81	32,270.75	---	32,270.75
Light Oil Treating.....	1,260.00	140.84	235.00	\$109.76	---	9,764.81	1,408.10	5,221.15	---	5,221.15
Compounding and Blending.....	831.60	346.77	449.36	18,552.60	---	2,903.02	572.53	21,208.14	---	21,208.14
Other Misc. Operations.....	---	---	590.01	---	---	893.64	(198.13)	391.88	---	391.88
Total Operating Costs.....	29,918.27	2,429.19	9,133.67	18,662.36	11,026.74	18,989.30	4,497.04	94,656.57	(4,532.13)	90,124.44
Other Misc. Charges and Credits.....	---	---	4,324.03	---	---	---	---	4,324.03	---	4,324.03
Grand total.....	\$29,918.27	\$2,429.19	\$13,457.70	\$18,662.36	\$11,026.74	\$18,989.30	\$4,497.04	\$98,980.60	\$(4,532.13)	\$94,448.47

COLONIAL BEACON OIL COMPANY

EXPLANATION OF SUMMARY COST STATEMENT AND METHOD OF DETERMINING COST OF PRODUCTS

Attached are cost statements for the Colonial Beacon Oil Company for the year 1938, showing the elements of cost entering into product costs. Since the cost of practically all domestic crude oil to the refinery normally exceeds the market price of residual fuel oil, manufacturing operations are usually carried on for minimum production of residual fuel oil of satisfactory quality and consequently its cost is not determined but its value is considered to be the price realized for it in the open market. The refinery is credited for its residual fuel oil production on this basis. Thus, the "elements" which enter into the costs of products other than residual fuel oil are (a) cost of crude oil and other petroleum raw material, and (b) the refinery processing expense applicable to the manufacture of these products, less (c) the credit for the residual fuel oil production accompanying the manufacture of these distillate products. In the following paragraphs will be explained briefly the method of distributing refinery processing expense among the various operations, the fundamental basis underlying the costing policy and the methods of proration used in distributing each of the above "elements of cost" among the various products:

Refinery Processing Expense.—Refinery cost records are required in sufficient detail to indicate with reasonable accuracy the cost of processing on each individual unit. Each refinery operation has an account to which is charged the direct expense (such as operating labor, repairs, etc.) associated with the operation. The cost of service functions (such as steam, electricity, etc.) is distributed to the processing operations on the basis of the amounts of utilities consumed by each. Refinery overhead expense is distributed among the refinery processing units on the basis of the direct labor, material and utilities costs (excluding plant fuel and chemicals) for each unit. Certain miscellaneous charges and credits not included in any of the above costs are incurred in the refinery. These items (such as general corporate expense, fire losses, etc.) are of such a nature that their distribution among products must of necessity be largely arbitrary. They are distributed on the basis of the cost of the products before the inclusion of these miscellaneous items. These costs of products are obtained after applying the residual fuel oil debits and credits as explained below.

Costing Policy.—The primary function of our overall refinery operations is considered to be the production of motor fuel, which is the most important product marketwise, and which can be obtained by processing crude oil for maximum yield of gasoline and minimum yield of residual fuel oil and gas. In some cases gasoline is produced in this manner. For this type of operation, the cost of gasoline is equal to the cost of crude oil, plus the manufacturing expense, less the credit for residual fuel oil and gas. The following table illustrates the method of calculating the cost of gasoline for the maximum gasoline yield type operation:

TABLE I.—*Cost of gasoline*

Cost of one bbl. of crude oil F. O. B. refinery.....	\$1. 45
Cost of processing one bbl. of crude oil for maximum gasoline.....	0. 40
Total debits.....	\$1. 85
Credit for 0.40 bbl. of residual fuel oil (including gas at fuel oil equivalent) produced from one bbl. of crude oil (when running for maximum gasoline) at market value of \$0.90/bbl.....	\$0. 36
Net cost of 0.60 bbl. of gasoline produced from one bbl. of crude oil (when running for maximum gasoline) excl. "Miscellaneous Refinery Charges & Credits":	
—\$/Bbl. of Crude Oil.....	\$1. 49
—\$/Bbl. of Gasoline.....	\$2. 48
Misc. Refinery Charges & Credits—\$/Bbl. of Gasoline.....	\$0. 03
Total cost of gasoline—\$/Bbl.....	\$2. 51
—¢/Gal.....	5. 98

If intermediate products, such as refined oil, heating oil, etc., are produced by segregating portions of the crude stream, the potential yield of gasoline available in these fractions must, if total gasoline production is to be held constant, be replaced by an equivalent volume of gasoline which can be produced by processing additional crude oil for maximum gasoline yield. Thus the petroleum fractions which compose intermediate products have a base value as potential sources of gasoline, the value of the potential gasoline being its cost as produced from crude oil by a maximum yield operation. This is the fundamental principle underlying our costing policy. To illustrate, suppose the cost of heating oil is desired. First, the maximum yield of gasoline and the yield of residual fuel oil and gas attainable by cracking the heating oil are determined from correlations based on laboratory and plant test data. In the following hypothetical example, it is assumed that 55% of gasoline and 45% of residual fuel oil and gas would be obtained by cracking the heating oil and that the cost of the cracking operation would be 45¢ per barrel. The method used in calculating the cost of the heating oil is as follows:

TABLE II.—*Cost of heating oil*

0.55 bbl. of potential gasoline x \$2.48 per bbl. (See Table I).....	\$1. 36
Plus 0.45 bbl. of potential residual fuel oil and gas x \$0.90 per bbl.....	0. 41
	<hr/> \$1. 77
Less Manufacturing expense involved in making maximum gasoline yield from heating oil.....	. 45
	<hr/>
Replacement cost of heating oil base stock.....	\$1. 32
Plus Cost of finishing base stock to produce marketable heating oil.....	. 12
	<hr/>
Cost of heating oil exclusive of miscellaneous charges and credits— per bbl.....	\$1. 44
Plus Miscellaneous refinery charges and credits—per bbl.....	. 02
	<hr/>
Cost of finished heating oil—\$/Bbl.....	\$1. 46
—¢/Gal.....	3. 48

After the above outlined methods of distributing the elements of cost have been applied to all products made, all the crude oil costs and processing costs for the refinery are fully accounted for. This procedure, if carried out in the manner outlined, involves considerable detailed effort if the refinery is one producing many different products.

* * * * *

Entirely apart from the method of costing products heretofore described, and for the sake of simplicity in view of the large number of grades carried, inventories are evaluated by the method known as the "Federal Trade Commission Method" or "Sales Value Method".

1938 summary of operating costs—Everett Refinery

	Total labor	Material and supplies	Miscellaneous expense	Chemicals	Fuel	Depreciation	Taxes, rents, insurance	Total	Credits	Net
Crude Pipe Stills	\$69,511.61	\$12,231.42	\$5,265.61	\$1,412.08	\$75,685.32	\$47,817.82	\$15,929.33	\$217,833.19		\$217,833.19
Rerun Shell Stills Fuel Products.....	7,328.90	698.20			5,696.51	2,306.54	2,149.68	18,089.83		18,089.83
Cracking Kerosin Still.....	62,308.62	14,462.81		429.90	45,944.63	28,299.04	12,625.23	163,990.23	\$197.06	163,793.17
Gasoline Coils.....	108,413.85	84,894.34	4,579.25	4.01	140,897.90	129,736.17	31,094.08	559,619.60		559,619.60
Filtering Heating Oil.....	2,178.92	260.28	39.84	1,569.29		174.01	287.39	4,499.73		4,499.73
Gas Absorption.....	29,326.55	6,302.66	564.53			16,189.91	5,071.12	56,453.77		56,453.77
Blending Cut-Back Asphalt.....	1,487.56	20.33		1,487.56		314.04	2,698.10	2,698.10		2,698.10
Blending Leaded Gasolines.....	3,476.44	300.34				771.11	266.88	4,817.77		4,817.77
Cost of Tetraethyl Lead, etc.....				340,486.96				340,486.96		340,486.96
Slop Recovery.....	14,625.60	1,089.28	262.88	9.01	927.08	2,761.59	1,279.89	21,545.33		21,545.33
Blending Special Fuels.....	583.79							583.79		583.79
Treating Fuel Products (Agitators).....	9,401.32	794.06		12,070.18		1,365.53	786.32	24,417.41		24,417.41
Continuous Treating Naphtha.....	55,998.71	24,570.67	511.86	141,012.31		25,704.16	8,543.23	256,340.93		256,146.21
Continuous Treating Heating Oil.....	12,264.63	562.31	191.48	7,280.68		5,335.96	1,787.55	27,412.61		27,412.61
Asphalt Oxidizing.....	2,776.51					3,498.36	1,049.59	7,134.46		7,134.46
Finished Oil Storage.....	38,036.03	24,242.22	463.20	4.50		51,510.86	37,388.27	151,645.14		151,645.14
Crude Oil Storage.....	13,538.77	4,099.47	3,490.67			21,932.69	14,701.52	57,822.92		57,822.92
Bulk Barge, Receiving and Shipping.....	19,295.88	3,298.17	6,398.95			11,805.50	7,484.18	48,742.68		48,742.68
Tank Car, Receiving and Shipping.....	19,675.19	1,774.40	60,045.99			1,406.46	2,198.34	85,160.38		85,160.38
Tank Truck, Receiving and Shipping.....	9,996.54	1,415.65	17.34			2,366.50	1,049.71	15,345.74		15,345.74
Gas Line Shipping and Filling.....	23.60					743.43	198.33	967.36		967.36
Barrel Handling and Filling.....	6,272.29	1,110.80	163.42			919.05	346.20	8,810.76		8,810.76
Electricity.....	1,653.68	1,163.53	36			1,734.87	968.61	5,501.05	13.31	5,487.74
Steam.....	15,138.76	490.21	59,502.11			9,448.43	3,958.26	88,516.76	229.07	88,287.69
Water.....	35,607.04	11,428.77	24.05	9.63	234,494.43	5,212.85	7,731.93	294,498.70	9,221.77	285,276.93
General Pumping.....	8,464.55	8,368.84	34,073.61			6,612.28	3,000.23	60,519.51	98.68	60,420.83
Refinery Burden.....	21,220.47	5,124.23	8.08	980.15		3,733.15	1,906.25	32,972.33		32,972.33
Administrative Expense.....	414,233.88	116,485.65	177,838.02	328.57		29,245.45	93,555.96	831,687.13	21,642.09	810,045.04
Miscellaneous Charges.....			83,842.60					83,842.60		83,842.60
Miscellaneous Credits.....	407.08	1,551.73	212,525.76			8,729.32	13,779.86	236,993.75	355,300.20	355,300.20
Total	\$1,033,240.77	\$326,230.85	\$650,279.61	\$165,110.37	\$503,545.87	\$420,157.21	\$269,840.36	\$3,708,892.00	\$897,947.66	\$3,310,944.34

MAY 16, 1939.

Cost of crude and other projects processed or blended during 1938—Colonial Beacon
Oil Company

Everett Refinery..... \$8,836,761.00

Cost of crude and other products processed or blended during 1938—Standard Oil
Company of Louisiana

Paton Rouge Refinery..... \$49,763,266.82

STANDARD OIL COMPANY OF LOUISIANA

1938 summary of operating cost—Baton Rouge refinery

	Total labor	Material and supplies	Misc'l expense	Chemicals	Fuel	Depreciation	Taxes	Total	Credits	Net
Crude Distillation (Gross Coils).....	\$37,742.61	\$4,957.02	\$402.70		\$48,574.50	\$24,378.96	\$31,281.20	\$147,336.99		\$147,336.99
Crude and Rerun Shell Still.....	112,740.60	34,447.76	439.19	\$84.84	103,871.26	70,886.07	25,008.07	347,478.62		347,478.62
Crude Pipe Still.....	304,157.49	62,530.94	1,534.47	3,510.38	349,915.98	305,401.24	290,084.26	1,317,144.76		1,317,144.76
Crude Combination Unit (Topping and Cracking 750# Link).....	80,584.08	28,685.65	5,758.83		77,601.08	35,220.01	24,961.26	232,810.91		232,810.91
Crude and Rerun Still.....	34,732.02	619.51	1,446.30		9,936.00	6,516.80	2,915.96	56,216.88		56,216.88
Rerun Shell Still (Fuel Products).....	28,762.04	1,297.76	102.13		31,567.55	7,573.50	2,487.91	71,780.89		71,780.89
Rerun Shell Still (Coking Fuel).....	420,946.21	80,395.15	2,104.36		111,211.49	15,557.27	5,416.50	635,630.98		635,630.98
Fuel Oil Rerun Still.....	6,162.79	378.30	77.29		18,031.95	4,970.12	1,688.92	12,187.42		12,187.42
Fuel Oil Vis-Breaking.....	28,923.37	4,847.02	251.58		24,869.89	4,555.66	1,205.27	57,814.84		57,814.84
Gasoline Rerun Still.....	51,635.07	15,762.86	6,502.96		384,494.41	31,402.12	2,879.14	108,202.15		108,202.15
Lube Rerun Shell Still.....	49,245.28	6,463.56	705.81		24,869.89	24,991.33	1,834.29	108,200.16		108,200.16
Cracking Coils.....	332,735.27	134,652.19	2,037.98	143.94	384,494.41	181,144.22	16,977.94	1,102,042.01		1,012,042.01
Heating Oil Filtering.....	2,800.23	324.06	19.54			435.16	3,853.88	3,853.88		3,853.88
Refined Oil Filtering.....	2,492.28	64	1.33			885.17	73.25	3,459.67		3,459.67
Lube Oil Filtering.....	72,849.93	8,792.10	118,779.60			28,773.97	8,939.90	238,065.50		238,065.50
Mixing Leaded Gasoline.....	16,870.98	1,676.13	536.65			4,23.15	2,474.20	25,846.01		25,846.01
Cost Tetraethyl Lead, etc.....				2,031,811.04				2,031,814.04		2,031,814.04
Mixing Asphalt.....	3,632.08	298.22	66.19			5,723.32	497.89	10,127.70		10,127.70
Compounding and Blending Lubes.....	14,425.29	885.09	206.04			10,622.99	2,159.44	28,298.45		28,298.45
Shop Recovery.....	30,316.14	3,912.40	567.78	703.89		11,621.97	3,155.65	50,276.83		50,276.83
Gas Collecting.....	38,718.66	6,683.90	549.86		2,782.11	25,246.31	6,080.87	79,036.71		79,036.71
Gas Absorption Plant.....	49,340.07	12,968.74	3,527.11	152.46		36,893.85	6,463.41	107,846.66		107,846.66
Gas Compression Plant.....	41,601.93	23,466.97	599.62		21,709.71	14,047.61	1,673.40	103,009.24		103,009.24
Polymer Plant.....	52,921.46	14,328.94	40,399.22	31,069.34	10,200.91	26,781.49	189.61	176,490.87		176,490.87
Asphalt Oxidizing.....	4,481.95	320.44	54.24			1,073.45	268.38	6,198.46		6,198.46
Lube Solution Unit.....	34,692.85	4,604.52	33.93		20,986.03	18,099.38	1,602.60	80,019.31		80,019.31
Paraffine Pressing.....	113,839.57	16,859.27	623.88			28,837.53	8,887.98	169,054.23		169,054.23
Paraffine Sweating.....	25,133.67	3,023.97	87.16			7,053.72	2,370.76	36,114.39		36,114.39
Refined War Plant.....	38,087.05	3,023.97	4,613.15		562.45	17,034.15	2,612.34	65,935.11		65,935.11
Grease Works.....	30,883.61	2,591.35	3,274.08		106.89	7,461.86	1,491.96	45,784.74		45,784.74
Burning Clay.....	15,148.42	969.79	12.34		8,083.30	14,490.02	1,848.67	40,557.44		40,557.44
Lube Dewatering.....	218,914.14	85,376.52	3,132.62	107,333.98	12,448.34	162,454.42	13,127.72	602,787.74		602,787.74
Lube Desphalting.....	36,924.13	4,819.81	1,933.94	8,184.01	12,448.34	23,468.20	95.71	78,507.31		78,507.31
Lube Phenol Treating.....	104,626.91	17,052.11	1,464.73	124,387.63	69,783.88	80,425.48	10,545.75	407,186.49		407,186.49
Continuous Treating (Fuel Products).....	56,568.04	17,040.89	314.84	167,348.03		38,836.89	6,043.34	286,152.34		286,152.34
Batch Treating (Fuel Products).....	29,072.42	1,841.39	326.40	21,645.03		3,325.64	2,706.38	58,287.25		58,287.25
Batch Treating Lubo.....	30,599.80	5,777.38	221.03	90,444.39		10,697.92	3,145.10	140,785.70		140,785.70
Batch Treating Waxes.....	10,114.95	1,417.94	62.09	8,865.28		2,360.44	901.55	23,712.25		23,712.25
Gasoline Inhibiting.....	1,722.33	14.92	1.39			2,502.48	58.61	2,299.83		2,299.83

Cooperage Repair Shop.....	\$22,417.11	\$744.08	\$4,331.20			\$465.11	\$3,141.95	\$639.00	\$31,273.34		\$31,273.34
Hydro Plant Codimer.....	19,186.86	1,234.37	33,229.20			1,933.18	22,245.37	271.59	67,632.20		67,632.20
Codimer Reprocessing.....	21,608.32	2,059.37	238,433			18,545.82	270,762.32	2,156.17	814,422.23		814,422.23
Bonded Hydro Plant.....	163,821.97	40,993.34	302,507.04			66,695.79	48,786.80	5,971.44	202,685.00		202,685.00
Bonded Distillation.....	72,140.38	8,461.62	628.97				3,747.93	384.85	19,066.74		19,066.74
Bonded Treating.....	11,283.11	662.76	85.06			2,903.03	6,353.72	1,026.95	868,344.29		868,344.29
Metal Drum Plant.....	7,702.76	137.03	53,123.53				35,348.46	30,955.24	437,653.60		437,653.60
Bulk Receiving and Shipping.....	172,734.77	37,354.81	161,290.32				11,850.85	2,102.47	112,341.06		112,341.06
Tank Car Receiving and Shipping.....	89,972.62	6,381.32	2,033.80				7,161.27	1,517.09	15,855.38		15,855.38
Tank Car Receiving and Shipping.....	6,009.70	1,192.73	4.59				283.73	47.60	11,051.47		11,051.47
Line Shipping.....	8,640.38	1.51	2,078.25				6,686.46	852.39	127,864.01		127,864.01
Coke Shipping.....	106,181.83	3,059.27	11,084.06				6,260.06	20,686.72	43,174.99		43,174.99
Shipping Miscellaneous Packages.....	7,453.08	7,725.13	50.00				252,295.13	202,510.65	633,755.09		633,755.09
Grain Storage.....	118,738.49	34,544.84	6,254.88			19,441.10	10,577.61	3,453.69	126,311.62		126,311.62
Finished Oil Storage.....	104,628.43	2,555.90	5,095.90				20,304.72	2,488.59	308,050.75		308,050.75
Handling, Filling and Packing.....	25,897.49	3,420.37	1,420.47				39,693.01	4,250.81	1,730,872.24		1,730,872.24
Alc.....	14,894.28	5,461.35	265,201.81			4,675.67	40,393.33	8,135.35	3,187.63		3,187.63
Electricity.....	12,513.41	3,890.16	1,665,943.18				109,839.76	8,794.20	437,533.60		437,533.60
Steam.....	52,745.41	8,616.90	183.76			90,343.89	9,741.88	2,271.70	56,315.69		56,315.69
Hydro Gas Plant.....	33,179.40	20,564.00	115,237.61			3,633.97	3,215.70	306.39	6,105.42		6,105.42
Water.....	2,375.97	6,182.15	309.59				32,911.06	1,928.10	108,638.17		108,638.17
Acid Recovery.....	64,794.57	5,866.78	371.20				7,338.42	1,959.72	237,786.77		237,786.77
Litharge Recovery.....	213,502.57	13,804.83	1,181.23				155,675.74	408,813.50	3,485,437.25		3,485,437.25
Refrigeration.....	2,105,734.54	183,405.82	558,305.60			69,289.45			334,992.24		334,992.24
General Pumping.....			334,992.24						976,947.14		976,947.14
Burden.....			976,947.14								
Adm. and General Expense.....											
Miscellaneous Charges and Credits.....											
Grand Total.....	\$6,152,862.77	\$1,010,867.88	\$4,701,136.89	\$2,618,789.90	\$1,584,808.40	\$2,415,357.52	\$1,220,788.21	\$19,704,609.57	\$644,862.40	\$19,059,747.17	

MAY 10, 1938.

EXPLANATION OF SUMMARY COST STATEMENT AND METHOD OF DETERMINING COST OF PRODUCTS

Attached are cost statements for the Standard Oil Company of Louisiana for the year 1938, showing the elements of cost entering into product costs. Since the cost of practically all domestic crude oil to the refinery normally exceeds the market price of residual fuel oil, manufacturing operations are usually carried on for minimum production of residual fuel oil of satisfactory quality and consequently its cost is not determined but its value is considered to be the price realized for it in the open market. The refinery is credited for its residual fuel oil production on this basis. Thus, the "elements" which enter into the costs of products other than residual fuel oil are (a) cost of crude oil and other petroleum raw material, and (b) the refinery processing expense applicable to the manufacture of these products, less (c) the credit for the residual fuel oil production accompanying the manufacture of these distillate products. In the following paragraphs will be explained briefly the method of distributing refinery processing expense among the various operations, the fundamental basis underlying the costing policy and the methods of proration used in distributing each of the above "elements of cost" among the various products:

Refinery Processing Expense.—Refinery cost records are required in sufficient detail to indicate with reasonable accuracy the cost of processing on each individual unit. Each refinery operation has an account to which is charged the direct expense (such as operating labor, repairs, etc.) associated with the operation. The cost of service functions (such as steam, electricity, etc.) is distributed to the processing operations on the basis of the amounts of utilities consumed by each. Refinery overhead expense is distributed among the refinery processing units on the basis of the direct labor, material and utilities costs (excluding plant fuel and chemicals) for each unit. Certain miscellaneous charges and credits not included in any of the above costs are incurred in the refinery. These items (such as general corporate expense, fire losses, etc.) are of such a nature that their distribution among products must of necessity be largely arbitrary. They are distributed on the basis of the cost of the products before the inclusion of these miscellaneous items. These costs of products are obtained after applying the residual fuel oil debits and credits as explained below.

Costing Policy.—The primary function of our overall refinery operations is considered to be the production of motor fuel, which is the most important product marketwise, and which can be obtained by processing crude oil for maximum yield of gasoline and minimum yield of residual fuel oil and gas. In some cases gasoline is produced in this manner. For this type of operation, the cost of gasoline is equal to the cost of crude oil, plus the manufacturing expense, less the credit for residual fuel oil and gas. The following table illustrates the method of calculating the cost of gasoline for the maximum gasoline yield type operation:

TABLE I.—Cost of gasoline

Cost of one bbl. of crude oil F. O. B. refinery-----	\$1. 45
Cost of processing one bbl. of crude oil for maximum gasoline-----	0. 40
Total Debits-----	\$1. 85
Credit for 0.40 bbl. of residual fuel oil (including gas at fuel oil equivalent) produced from one bbl. of crude oil (when running for maximum gasoline) at market value of \$0.90/bbl-----	\$0. 36
Net cost of 0.60 bbl. of gasoline produced from one bbl. of crude oil (when running for maximum gasoline) excl. "Miscellaneous Refinery Charges & Credits":	
—\$/Bbl. of Crude Oil-----	\$1. 49
—\$/Bbl. of Gasoline-----	\$2. 48
Misc. Refinery Charges & Credits—\$/Bbl. of Gasoline-----	\$0. 03
Total Cost of Gasoline—\$/Bbl-----	\$2. 51
—¢/Gal-----	5. 98

If intermediate products, such as refined oil, heating oil, etc., are produced by segregating portions of the crude stream, the potential yield of gasoline available in these fractions must, if total gasoline production is to be held constant, be replaced by an equivalent volume of gasoline which can be produced by processing additional crude oil for maximum gasoline yield. Thus the petroleum fractions which compose intermediate products have a base value as potential

sources of gasoline, the value of the potential gasoline being its cost as produced from crude oil by a maximum yield operation. This is the fundamental principle underlying our costing policy. To illustrate, suppose the cost of heating oil is desired. First, the maximum yield of gasoline and the yield of residual fuel oil and gas attainable by cracking the heating oil are determined from correlations based on laboratory and plant test data. In the following hypothetical example, it is assumed that 55% of gasoline and 45% of residual fuel oil and gas would be obtained by cracking the heating oil and that the cost of the cracking operation would be 45¢ per barrel. The method used in calculating the cost of the heating oil is as follows:

TABLE II.—Cost of heating oil

0.55 bbl. of potential gasoline x \$2.48 per bbl. (See Table I)-----	\$1. 36
Plus 0.45 bbl. of potential residual fuel oil and gas x \$0.90 per bbl-----	0. 41
	<hr/> \$1. 77
Less Manufacturing expense involved in making maximum gasoline yield from heating oil-----	. 45
	<hr/>
Replacement cost of heating oil base stock-----	\$1. 32
Plus Cost of finishing base stock to produce marketable heating oil-----	. 12
	<hr/>
Cost of heating oil exclusive of miscellaneous charges and credits—per bbl__	\$1. 44
Plus Miscellaneous refinery charges and credits—per bbl.-----	. 02
	<hr/>
Cost of Finished Heating Oil—\$/Bbl-----	\$1. 46
—¢/Gal-----	3. 48

After the above outlined methods of distributing the elements of cost have been applied to all products made, all the crude oil costs and processing costs for the refinery are fully accounted for. This procedure, if carried out in the manner outlined, involves considerable detailed effort if the refinery is one producing many different products.

Entirely apart from the method of costing products heretofore described, and for the sake of simplicity in view of the large number of grades carried, inventories are evaluated by the method known as the "Federal Trade Commission Method" or "Sales Value Method"

STANDARD OIL COMPANY OF NEW JERSEY

EXPLANATION OF SUMMARY COST STATEMENT AND METHOD OF DETERMINING COST OF PRODUCTS

Attached are cost statements for the Standard Oil Company of New Jersey for the year 1938, showing the elements of cost entering into product costs. Since the cost of practically all domestic crude oil to the refinery normally exceeds the market price of residual fuel oil, manufacturing operations are usually carried on for minimum production of residual fuel oil of satisfactory quality and consequently its cost is not determined but its value is considered to be the price realized for it in the open market. The refinery is credited for its residual fuel oil production on this basis. Thus, the "elements" which enter into the costs of products other than residual fuel oil are (a) cost of crude oil and other petroleum raw material, and (b) the refinery processing expense applicable to the manufacture of these products, less (c) the credit for the residual fuel oil production accompanying the manufacture of these distillate products. In the following paragraphs will be explained briefly the method of distributing refinery processing expense among the various operations, the fundamental basis underlying the costing policy and the methods of proration used in distributing each of the above "elements of cost" among the various products:

Refinery Processing Expense.—Refinery cost records are required in sufficient detail to indicate with reasonable accuracy the cost of processing on each individual unit. Each refinery operation has an account to which is charged the direct expense (such as operating labor, repairs, etc.) associated with the operation. The cost of service functions (such as steam, electricity, etc.) is distributed to the processing operations on the basis of the amounts of utilities consumed by each. Refinery overhead expense is distributed among the refinery processing

units on the basis of the direct labor, material and utilities costs (excluding plant fuel and chemicals) for each unit. Certain miscellaneous charges and credits not included in any of the above costs are incurred in the refinery. These items (such as general corporate expense, fire losses, etc.) are of such a nature that their distribution among products must of necessity be largely arbitrary. They are distributed on the basis of the cost of the products before the inclusion of these miscellaneous items. These costs of products are obtained after applying the residual fuel oil debits and credits as explained below.

Costing Policy.—The primary function of our overall refinery operations is considered to be the production of motor fuel, which is the most important product marketwise, and which can be obtained by processing crude oil for maximum yield of gasoline and minimum yield of residual fuel oil and gas. In some cases gasoline is produced in this manner. For this type of operation, the cost of gasoline is equal to the cost of crude oil, plus the manufacturing expense, less the credit for residual fuel oil and gas. The following table illustrates the method of calculating the cost of gasoline for the maximum gasoline yield type operation:

TABLE I.—*Cost of gasoline*

Cost of one bbl. of crude oil F. O. B. refinery.....	\$1. 45
Cost of processing one bbl. of crude oil for maximum gasoline.....	0. 40
Total debits.....	\$1. 85
Credit for 0.40 bbl. of residual fuel oil (including gas at fuel oil equivalent) produced from one bbl. of crude oil (when running for maximum gasoline) at market value of \$0.90/bbl.....	\$0. 36
Net cost of 0.60 bbl. of gasoline produced from one bbl. of crude oil (when running for maximum gasoline) excl. "Miscellaneous Refinery Charges & Credits":	
—\$/Bbl. of Crude Oil.....	\$1. 49
—\$/Bbl. of Gasoline.....	\$2. 48
Misc. Refinery Charges & Credits —\$/Bbl. of Gasoline.....	\$0. 03
Total Cost of Gasoline—\$/Bbl.....	\$2. 51
—¢/Gal.....	5. 98

If in intermediate products, such as refined oil, heating oil, etc., are produced by segregating portions of the crude stream, the potential yield of gasoline available in these fractions must, if total gasoline production is to be held constant, be replaced by an equivalent volume of gasoline which can be produced by processing additional crude oil for maximum gasoline yield. Thus the petroleum fractions which compose intermediate products have a base value as potential sources of gasoline, the value of the potential gasoline being its cost as produced from crude oil by a maximum yield operation. This is the fundamental principle underlying our costing policy. To illustrate, suppose the cost of heating oil is desired. First, the maximum yield of gasoline and the yield of residual fuel oil and gas attainable by cracking the heating oil are determined from correlations based on laboratory and plant test data. In the following hypothetical example, it is assumed that 55% of gasoline and 45% of residual fuel oil and gas would be obtained by cracking the heating oil and that the cost of the cracking operation would be 45¢ per barrél. The method used in calculating the cost of the heating oil is as follows:

TABLE II.—*Cost of heating oil*

0.55 bbl. of potential gasoline x \$2.48 per bbl. (See Table I).....	\$1. 36
Plus 0.45 bbl. of potential residual fuel oil and gas x \$0.90 per bbl.....	0. 41
	\$1. 77
Less Manufacturing expense involved in making maximum gasoline yield from heating oil.....	. 45
Replacement cost of heating oil base stock.....	\$1. 32
Plus Cost of finishing base stock to produce marketable heating oil.....	. 12
Cost of heating oil exclusive of miscellaneous charges and credits—per bbl.....	\$1. 44
Plus Miscellaneous refinery charges and credits—per bbl.....	. 02
Cost of Finished Heating Oil—\$/Bbl.....	\$1. 46
—¢/Gal.....	3. 48

After the above outlined methods of distributing the elements of cost have been applied to all products made, all the crude oil costs and processing costs for the refinery are fully accounted for. This procedure, if carried out in the manner outlined, involves considerable detailed effort if the refinery is one producing many different products.

* * * * * *

Entirely apart from the method of costing products heretofore described, and for the sake of simplicity in view of the large number of grades carried, inventories are evaluated by the method known as the "Federal Trade Commission Method" or "Sales Value Method".

*Cost of crude and other products processed or blended during 1938—Standard Oil
Company of New Jersey*

New Jersey Refineries.....	\$62, 525, 998. 75
Baltimore Refinery.....	15, 182, 996. 66
Charleston Refinery.....	1, 527, 548. 97
Total.....	<hr/> \$79, 236, 544. 38

STANDARD OIL COMPANY OF NEW JERSEY
1938 SUMMARY OF OPERATING COSTS—NEW JERSEY REFINERIES

	Total labor	Material and supplies	Miscellaneous expense	Chemicals	Fuel	Depreciation	Taxes	Total	Credits	Net
Crude and Rerun—Shell & Pipe Stills.....	114,829	20,247	214	---	89,568	64,070	32,393	321,321	---	321,321
Crude and Rerun—Pipe Stills.....	70,152	16,896	118	---	73,598	37,072	19,580	217,416	---	217,416
Reduced Crude—Pipe Stills.....	54,670	9,013	110	---	29,302	24,175	14,266	131,596	---	131,596
Crude—Pipe Stills.....	128,773	32,680	666	---	84,619	63,807	34,710	332,255	---	332,255
Solution Drying—Pipe Stills.....	41,793	8,520	9	25,861	19,130	17,536	6,714	118,192	3,391	118,192
Lube Rerun—Pipe Stills.....	106,875	23,685	214	---	56,002	59,304	280,275	280,275	---	280,275
Crude and Rerun—Shell Stills.....	488,841	127,781	49,662	18,742	333,534	176,862	66,472	1,261,894	---	1,261,894
Gasoline Rerun Stills.....	62,569	16,765	72	6,625	751	52,341	24,770	103,893	---	103,893
Crude Shell Stills.....	269,724	80,313	193	3,936	287,511	77,920	23,697	743,294	---	743,294
Combination Shell Stills and Cracking Coils.....	220,044	158,969	1,010	1,563	193,476	128,522	19,518	723,102	---	723,102
Cracking Coils.....	751,852	436,090	2,970	6,775	654,813	452,200	82,330	2,387,030	69,011	2,318,019
Debutanization Plant.....	66,707	20,110	51	748	58,751	30,910	10,036	216,565	---	216,565
Propane Plant.....	24,683	5,500	15	---	---	30,394	4,263	65,003	---	65,003
Pentane Plant.....	33,622	3,673	27	2,093	---	14,799	1,966	56,180	---	56,180
Filtering Heating Oil.....	4,892	3,485	---	2,361	---	2,825	1,321	11,884	---	11,884
Filtering Lube Oil and Refined Oil.....	248,890	33,689	1,766	212,156	23,807	43,686	38,197	602,291	1,015	601,276
Gas Absorption Expense.....	53,807	14,405	151	---	---	34,335	5,310	108,068	---	108,068
Gas Compression Expense.....	60,877	6,538	135	---	52	17,269	8,419	73,956	---	73,956
Gas Collecting.....	196	6,579	162	---	---	19,255	6,480	93,357	---	93,357
Paraffine Bleaching.....	340,813	95,329	50	---	---	39	235	723	---	723
Paraffine Settling Petrolatum.....	2,721	1,271	---	---	---	44,276	54,343	534,811	---	534,811
Paraffine Centrifuging.....	40,876	11,124	1,138	19,281	---	2,642	1,697	8,331	---	8,331
Paraffine Sweetening Slack Wax.....	38,884	1,659	9	---	---	42,121	20,468	135,008	---	135,008
Compounding/Blending Lubes.....	28,585	1,565	715	8	103	14,635	7,228	32,070	---	32,070
Mixing Cut-back Asphalts.....	3,146	432	20	---	---	1,029	18,331	63,972	---	63,972
Mixing Leaded Gasolines.....	14,880	847	431	---	---	9,940	4,620	3,690	---	3,690
Cost of Tetraethyl Lead, etc.....	178,513	28,390	4,775	1,215,036	---	34,911	30,812	1,215,036	---	1,215,036
Slop Recovery.....	88,892	22,592	4,775	2,382	2	13,460	279,785	279,785	---	279,785
Treating Fuel Products (Aftactors).....	123,926	30,727	386	80,129	---	11,236	13,460	216,488	---	216,488
Continuous Treating Light Oils.....	106,251	16,522	892	368,124	---	50,542	25,964	599,609	---	599,609
Phenol Treating.....	69,694	12,281	235	276,063	---	6,502	25,071	431,301	---	431,301
Wax Refining Expense.....	125,572	10,901	255	28,182	---	40,014	20,085	194,493	---	194,493
Asphalt Oxidizing.....	12,471	1,547	40	10,680	---	16,950	25,000	180,364	---	180,364
Asphalt Caking.....	1,225	808	5,352	---	8,596	2	1,868	27,470	---	27,470
Hydrogenation Expense.....	35,580	2,619	14,994	17,009	11,949	53,269	1,058	9,994	---	9,994
Wax moulding.....	86,757	4,927	81	---	---	6,823	7,851	144,171	681	143,490
Paraffin and Paraffene Manufacturing.....	62,023	12,224	59,892	55,899	1,105	18,773	10,131	220,107	---	220,107
Paraffene Manufacturing.....	---	---	511,268	---	---	---	---	511,268	---	511,268

[illegible]

MAY 18, 1939

STANDARD OIL COMPANY OF NEW JERSEY—Continued
1938 SUMMARY OF OPERATING COSTS—BALTIMORE REFINERY

	Total labor	Material and supplies	Miscellaneous expense	Chemicals	Fuel	Depreciation	Taxes	Total	Credits	Net
Crude and Rerun Shell Stills.....	\$28,978.50	\$3,591.76	\$1,013.54	\$34.17	\$14,849.67	\$3,854.07	\$1,323.39	\$59,645.10	\$726.14	\$52,918.96
Crude Shell Stills.....	132,936.87	27,513.67	122.34	593.56	167,454.13	47,334.31	3,370.80	381,355.88	-----	381,355.88
Crude Pipe Stills.....	70,518.95	17,981.81	48.47	213.72	25,439.17	66,028.92	1,717.75	179,063.79	-----	179,063.79
Rerun Shell Stills—Fuel Products.....	81,865.14	15,913.32	56.02	688.74	53,007.58	29,359.40	2,871.81	185,762.01	-----	185,762.01
Gasoline Rerun Still.....	59,913.38	10,785.72	33.54	191.72	20,749.86	24,429.30	117,075.85	117,075.85	-----	117,075.85
Fuel Oil Rerun Still.....	6,785.73	1,050.94	2.39	16.50	-----	3,555.17	138.97	11,549.40	-----	11,549.40
Lubricating Rerun Shell Still.....	5,086.49	1,681.54	3.85	3,033.83	212,724.24	2,948.16	187.91	12,942.16	-----	12,942.16
Lubricating Coils.....	167,856.24	41,197.84	357.06	400.11	212,724.24	90,704.27	4,846.68	518,086.44	-----	518,086.44
Henting Oil Filtering.....	6,036.26	552.45	4.69	744.55	-----	685.42	302.36	8,325.72	-----	8,325.72
Gas Absorption Plant.....	19,664.17	2,745.92	9.80	42.14	10,274.54	11,076.13	401.19	44,813.89	-----	44,813.89
Gas Collecting.....	787.11	434.35	-----	-----	-----	-----	-----	1,221.46	-----	1,221.46
Gas Compression Plant.....	3,518.95	755.83	70.90	-----	-----	5,243.73	223.39	9,812.80	-----	9,812.80
Grease Works.....	20,995.60	4,323.43	598.49	68.65	-----	3,059.26	308.97	29,356.40	-----	29,356.40
Compounding and Blending Lube.....	1,859.02	1,137.02	740.00	-----	-----	123.75	98.00	3,957.79	-----	3,957.79
Mixing Outback Asphalt.....	7,862.54	830.72	.40	.40	45.89	563.87	13.16	9,323.01	-----	9,323.01
Mixing Leaded Gasoline.....	5,923.76	540.71	12.58	-----	-----	1,561.26	53.04	8,097.35	-----	8,097.35
Cost of Tetraethyl Lead, etc.....	-----	-----	493,373.70	-----	-----	-----	-----	493,373.70	-----	-----
Mixing Sulphur Cutting Oils.....	3,380.27	499.55	3.95	493,373.70	100.39	904.77	125.98	4,906.91	-----	4,906.91
Slop Recovery.....	19,664.61	3,222.73	1,419.10	8,074.19	-----	4,711.30	751.21	37,743.14	-----	37,743.14
Treating Fuel Products—Agitators.....	28,308.14	4,810.81	1,010.67	32,994.01	-----	5,572.02	358.11	72,650.76	3,597.65	69,053.11
Continuous Treating Naphtha.....	39,794.46	8,853.44	1,367.50	110,420.81	-----	16,761.98	1,961.63	179,158.82	17,462.40	161,696.42
Sweetening Outback Naphtha.....	294.38	206.21	12.46	479.40	-----	379.47	6.60	1,348.52	-----	1,348.52
H ₂ S Removal.....	8,215.08	1,105.04	482.13	24,291.38	-----	944.03	67.73	35,105.39	-----	35,105.39
Lube Agitators.....	7,054.92	1,258.28	23.91	5,298.56	-----	1,232.62	98.98	14,967.27	383.67	14,583.60
Asphalt Oxidation.....	2,994.23	526.23	12.43	-----	953.58	1,894.27	56.49	6,447.23	-----	6,447.23
Asphalt Caking Expense.....	984.63	304.80	201.33	-----	-----	628.99	40.38	2,160.13	-----	2,160.13
Acid Recovery.....	20,813.90	5,994.84	452.58	.63	-----	4,406.08	237.64	31,906.36	-----	31,906.36
Chemical Regeneration.....	15,271.07	1,642.31	19.27	2,768.49	-----	2,562.48	89.64	22,353.26	-----	22,353.26
Finished Oil Storage.....	35,647.29	7,170.33	4,255.52	28.97	201.84	43,976.02	16,357.97	107,637.94	793.00	106,844.94
Unfinished Oil Storage.....	1,888.09	723.36	2.94	-----	-----	1,757.31	1,367.49	5,739.19	-----	5,739.19
Crude Oil Storage.....	10,147.29	2,484.97	76.92	-----	-----	36,005.76	7,496.88	56,210.92	-----	56,210.92
Bulk Barge Receiving and Shipping.....	63,409.24	18,708.30	742.08	.60	-----	21,412.21	3,275.32	107,577.75	714.31	106,863.44
Tank Car Receiving and Shipping.....	41,499.80	2,853.35	45,019.00	-----	-----	4,674.19	773.97	94,780.31	1,236.03	93,544.28
Tank Truck Shipping.....	19,775.47	1,217.80	1.65	-----	759.93	2,269.30	92.47	24,110.62	18,141.88	3,974.74
Asphalt Lump Shipping.....	2,465.86	6.84	49.90	-----	-----	-----	-----	2,542.60	-----	2,542.60
Air.....	9,033.11	1,968.90	18.59	305.26	-----	-----	-----	11,323.86	363.55	10,960.31
Electricity.....	21,640.62	8,050.47	313.25	53.03	-----	177.21	-----	30,057.37	29,880.16	29,880.16
Steam.....	59,382.16	11,283.65	745.46	47.65	361,476.54	-----	-----	432,935.89	30,288.12	402,607.27
Water.....	29,333.97	5,074.97	35,455.77	3,154.01	-----	-----	-----	73,018.72	2,096.74	70,951.98
General Pumping.....	30,112.34	3,597.10	413.58	322.15	-----	19,249.11	919.89	54,614.17	26.34	54,587.83

Refinery Burden.....	560,745.04	68,195.73	298,234.96	2,563.04	57.37	135,770.55	90,301.75	1,155,868.43	77,194.22	1,078,674.21
Administrative Expense.....	15,958.57	1,737.71	155,411.33			20,600.97	2,846.16	155,411.33		155,411.33
Miscellaneous Charges.....			347,905.04					389,048.45		389,048.45
Miscellaneous Credits.....									22,643.27	22,643.27
Total.....	1,668,293.33	291,647.77	896,727.42	686,779.14	871,178.56	616,861.63	145,912.74	5,177,400.59	175,794.53	5,001,606.06

May 16, 1939.

1938 SUMMARY OF OPERATING COSTS—CHARLESTON REFINERY

Shell Stills.....	\$13,166	\$7,255	\$1,266		\$14,108	\$4,527	\$2,318	\$52,325		\$52,325
Pipe Stills.....	7,371	2,977	738		11,362	6,111	704	29,969		29,969
Vacuum Stills.....	9,106	2,807	764		5,453	11,728	851	31,538		31,538
Mixing Cut-back Asphalt.....	2,292	505	13			59	15	2,871		2,871
Slop Recovery.....	327	136				3,588	662	4,718		4,718
Batch Treating.....	1,019	127	19	\$1,325		394	495	3,340		3,340
Oxidizing.....	596	42				868	155	1,611		1,611
Storing Finished Products.....	1,601	4,341				16,423	2,948	23,200	\$452	24,838
Storing Crude Oil.....	2,540	708	4			10,807	2,137	14,088		14,088
Bulk Barge Receiving and Shipping.....	2,487	2,704	3,354			2,431	205	11,180		11,180
Tank Car Shipping.....	7,893	1,992	11,422			2,212	245	22,077	45	22,032
Tank Truck Shipping.....	928	64	2					991		991
Line Shipping.....	52	5						54	1	53
Asphalt Lump Shipping.....	1,383	116						1,500		1,500
Utilities.....	15,949	6,492	17,585		36,412	16,014	6,010	98,457	4,145	94,312
General Pumping.....	3,074	624	2			2,287	956	6,928		6,928
Refinery Burden.....	53,962	15,270	22,993	27	70	22,149	9,892	140,400	5,691	134,709
Administrative Expense.....			18,168					18,168		18,168
Miscellaneous Charges.....			104,149			16,684	4,364	125,197		125,197
Miscellaneous Credits.....									1,045	1,045
Total operating.....	\$121,743	\$46,165	\$180,445	\$1,352	\$67,405	\$116,342	\$31,957	\$565,409	\$11,379	\$554,030

May 16, 1939.

STANDARD OIL COMPANY (OHIO)

REPLY TO QUESTION 32 OF TNEC QUESTIONNAIRE

32. The refinery cost statements prepared by the company do not result in any figures for the cost of fuel oil. Cost figures as to gasoline, however, are arrived at and for the principal grade of gasoline, that is the regular grade-accounting for over 90% of the total gasoline production, were as follows for the various refineries operated by the company and its subsidiary, The Latonia Refining Corporation, Latonia, Kentucky.

Cost (At refs.) As Per Ref. Cost Statements of Reg. Grd. Gas. (Averages for Yr. 1938)

Standard Oil Co. Refineries:

Cleveland Refinery-----	6.85¢ per gallon
Toledo Refinery-----	6.66 " "
Lima Refinery-----	6.67 " "
Latonia Refining Corporation: Latonia Refinery-----	6.59 " "

The method by which these gasoline cost figures are arrived at is as follows:

The cost of all crude oil and other charging stock plus all operating expense, including depreciation, overheads, taxes, royalties, supplies, chemicals, lead, etc., are added together to make up the total expense of manufacturing all of the products made. From this total is then deducted the net realization, or net back, on all products other than gasoline. The balance is treated as being the cost of manufacturing the gasoline, and when divided by the number of gallons of gasoline manufactured becomes the cost per gallon.

By the term "net back" or "net realization" from the sale of other products, as used above, is meant the total amount received for such products less the freight or other transportation charges incurred and less the estimated expense incurred in making and handling the sales.

It can thus be seen from the method described that no cost figures are arrived at as to fuel oil.

SUN OIL COMPANY

REPLY TO ITEM NO. 32 OF TNEC QUESTIONNAIRE

There is no exact method for the determination of costs in a multiple product industry. The method our company follows is that of taking entire costs and applying these equally against the products produced in proportion to their gallonage. When these products are sold a profit or loss is sustained depending upon whether or not the costs as heretofore determined are greater or less than the selling price. On the theory that no profit is realized until the product is sold, this method results in an accurate determination of profits earned.

Sun Oil Co. Refinery Expenses and Products Refined, Year 1938

	Marcus Hook	Toledo	Yale
Refinery Expense:			
Labor-----	\$3, 870, 978. 15	\$535, 881. 22	\$49, 744. 00
Supplies & Repair Material-----	598, 107. 76	78, 457. 14	10, 873. 44
Fuel-----	2, 027, 669. 75	275, 913. 68	7, 200. 58
Chemicals-----	625, 31. 53	36, 345. 99	4, 151. 06
Insurance-----	59, 823. 24	22, 204. 11	4, 478. 07
Taxes-----	54, 763. 57	12, 333. 45	5, 480. 34
Depreciation-----	1, 687, 209. 57	257, 538. 57	
Miscellaneous-----	1, 012, 044. 28	220, 123. 96	13, 531. 98
	\$9, 935, 197. 85	\$1, 438, 798. 12	\$95, 457. 47
Less: Package Costs, etc-----	504, 387. 14		
	\$9, 430, 810. 71		
Crude Run to Stills—Barrels-----	22, 468, 969	2, 649, 147	662, 152

Sun Oil Co. Refinery Expenses and Products Refined, Year 1938—Continued

	Marcus Hook	Toledo	Yale
Products (Barrels):			
Gasoline.....	10,752,302	1,347,074	214,060
Kerosene.....	170,787	115,292	110,661
Gas Oil.....	2,271,477	162,982	-----
Fuel Oil.....	7,052,814	835,598	323,052
Lubricating Oils.....	1,207,984	-----	-----
Asphalt.....	34,578	-----	-----
Propane & Butane.....	306,033	51,312	-----
Vapor Gas.....	2,620,452	511,061	-----
Loss ¹	1,947,458	1,374,172	14,379
	22,468,969	2,649,147	662,152

¹ Statement indicates a negative loss whereas our actual refining loss runs between 1% and 2%.

SUPPLEMENTAL REPLY TO ITEM 32 PER LETTER RECEIVED SEPTEMBER 1, 1939

As we stated in our answer to this question, there is no exact method for the determination of costs in a multiple product industry. We, therefore, regret our inability to give the per unit cost of a gallon of gasoline and fuel separately at the Refinery Gate. We are attaching hereto, however, as Exhibit 2, statement setting forth a summary cost statement of each refinery, the crude run therein and the products resulting from this crude calculated on the U. S. Bureau of Mines basis.

THE TEXAS CORPORATION

T. N. E. C. QUESTIONNAIRE FOR OIL COMPANIES

Question 32.

Summary cost statement for each domestic refinery operated (a) by the reporting company, of (b) by its subsidiaries or affiliates, for the year 1938, showing the principal elements of cost determining the cost of a gallon of gasoline and fuel oil (separately), at the refinery gate (exclusive of any selling expenses). Explain briefly the costing policy followed with particular reference to the method of proration of the elements of costs of the refining operations among the various products produced.

Answer.

(1) Refining costs cannot be precisely determined:

We are outlining below a few of the outstanding facts or circumstances supporting the belief that it is humanly impossible to determine the precise cost of any particular quantity of refined petroleum products at the refinery gates:

What we have to say in the following paragraphs will be equally applicable to any refined petroleum product that has been normally processed; however, in order to simplify our explanation, we will speak in terms of "Gasoline."

(1) The identity of the Gasoline is indeterminate, i. e., we are absolutely unable to say in most cases from what particular crude any specific quantity of Gasoline was manufactured.

To elaborate on the difference, which the class of crude from which the Gasoline is manufactured would have on the cost of Gasoline, I have merely to call attention to the fact that certain crudes are produced practically at the refinery gates, while other crudes must be transported hundreds of miles, either by pipe line, tanker or rail, at considerably higher costs. Also, some of these crudes are expensive and some are relatively low in cost. Some of the crudes produce a very high percentage of Gasoline and yield valuable by-products, while others produce a low percentage of Gasoline and the by-products are less valuable.

The fact that these various crudes are mixed to a considerable extent in transporting to the refinery and are stored in 55,000 to 120,000 barrel tanks at the refinery, makes it impossible for the operating personnel to prevent the contamination of grades, and it is therefore evident that it is impossible to determine

from which crude oil any particular quantity of Gasoline is manufactured. Since it is impossible to determine the crude oil from which the particular Gasoline was manufactured, and the crude transportation cost and purchased price, it is then impossible to determine the cost of the products from any particular crude oil.

(2) The total cost of petroleum products may be approximately classified as follows:

- (a) The cost of charged stocks and other raw materials used.
- (b) Total refinery operating cost allocated where possible, to specific processes and departments.
- (c) General overhead and administrative expenses allocated to refining operations on an arbitrary basis.
- (d) Loading and shipping expenses.

The items listed above constitute the total Refining Department cost which is easily determined. The total cost calculated in this manner represents the cost of all petroleum products manufactured from the crude oil, but the difficulty lies in allocating these costs to any particular grade of product such as Gasoline. The reason for this is apparent. From the same barrel of crude oil a variety of products may be and is manufactured, many of these being taken simultaneously from the same operating equipment. For example, a given barrel of crude oil produces successively Gasoline, Kerosene, Gas Oil, Lubricating Oils of various viscosities, Fuel Oil, Wax, Asphalt, Coke and Gas. These stages are a part of the continuous treatment of that barrel of crude oil. To ascertain exactly what part of the entire cost of raw materials and processing the barrel is applicable to any particular product is then a physical impossibility due to the nature of the material itself and the method of removal from the whole.

(3) Waiving the difficulties outlined above, any attempt to arrive at the cost of Gasoline must necessarily be done in retrospect, as it would be impossible with a reasonable force of clerks to calculate an hourly or even a daily cost of Gasoline. The practice is, where costs are prepared, to prepare them on the basis of the calendar month. Due to the volume of work involved in this calculation, it requires approximately sixty days from the last day of any month before the costs for that month are available. This latter statement, of course, applies only to large refineries where the number of individual products run into the hundreds and sometimes even into the thousands. This condition clearly indicates that Gasoline may be delivered or sold at the refinery gates several weeks before the cost of such Gasoline has been determined, and this is assuming that we waive the difficulties of cost determination, as pointed out under Sections (1) and (2) above.

(4) Under Section (2) Item (c) above, it is indicated that general overhead and administrative expenses are allocated to refining operations on an arbitrary basis. This is also partially applicable to (b) as well. Speaking with reference to a large refining company operating several refineries scattered throughout the United States, a portion of general overhead and administrative expenses must necessarily be distributed to each of the refineries. The best that can be said for the method of distributing these expenses is that it is a matter of opinion, and the method to be used is generally outlined by the accounting heads.

(5) The method of determining the cost of products, which has been used by many large refiners for several years, is called "sales realization method," of which the following account appears in the report made during 1932 to the U. S. House of Representatives by the U. S. Tariff Commission:

"Under this method, all groups of cost items are distributed among the several major products in the same proportion that the total sales of each of such major products bear to the sales of all products. In distributing costs in this way, no distinction is made between the cost of processes undertaken solely or primarily for the production of one or more specific products only (so-called 'separable' costs) and the cost of processes not undertaken solely or primarily for any specific product or products (so-called 'inseparable' costs). The cost of every process irrespective of its purpose or the number or character of its products is distributed in the same proportions over all products of the refinery." (pp. 71, 72.)

While The Texas Company does not employ the method outlined exactly, our method is very similar to, and a variation of, the one defined. The method employed by The Texas Company is described next below.

(2) Method employed by The Texas Company in estimating refining costs:

I. REFINERIES RUNNING FOR GASOLINE AND KEROSENE

Crude Oil is charged at posted field prices plus transportation at regular pipe line, marine, or rail freight rates (depending on the mode of transportation to the refinery), plus refining expenses to determine the "Total Cost" of all products.

From the above is deducted the production of Fuel Oil, Gas and Coke at Market Value. The latter are considered "By-Products" as their elimination from the crude is necessary to produce Gasoline and Kerosene.

The remaining products are the Refined Oils (Gasoline and Kerosene) and the combined cost of these two products is the cost remaining after deducting the market value of "By-Products" from "Total Cost".

The combined cost of Gasoline and Kerosene is distributed to the several grades of Gasolines and to Kerosene in proportion to their market value.

This method determines the finished cost of Kerosene, and the cost of the base stocks from which Gasolines are finished by blending with Leading Lead or Natural Gasoline. The cost of the Tetra-Ethyl Lead and/or Natural Gasoline used is added to the cost of Gasolines produced, to determine the finished cost of Gasolines:

EXAMPLE ONE

	Barrels	Cost per barrel	Amount
Crude Oil at Posted Price.....	1.0000	\$1.00	\$1.00
Gathering and Pipage.....		.19	.19
Delivered Cost of Crude.....		1.19	1.19
Refining Expense.....		.38	.38
Total Cost.....		1.57	1.57
Less: By-Products:			
Fuel Oil.....	.0371	.81	.03
Gas.....	.1006	.95	.10
Coke.....	.0898	.14	.01
Loss.....	.0066	.00	.00
Total.....	.2341		.14
Cost of Refined Oils.....	.7659	1.87	1.43

	Bbls.	Ratio market value	Cost per bbl.	Cost per gal.
Cost Prorated to Refined Oils:				
392 Gasoline Base Stock.....	0.5836	100.00	\$1.94	\$0.0461
USM Gasoline Base Stock.....	.1289	90.00	1.74	.0415
Water White Kerosene.....	.0534	80.00	1.55	.0369
Total.....	.7659		1.87	.0445

	%	Per gallon	Cost per gal.
Fire-Chief Gasoline:			
392 Gasoline Base Stock.....	99.00	\$0.0461	\$0.0456
Natural Gasoline.....	01.00	.0491	.0005
Tetra-Ethyl Lead.....			.0031
Cost Fire-Chief Gasoline.....	100.00		.0492
USM Gasoline:			
USM Gasoline Base Stock.....	98.00	.0415	.0407
Natural Gasoline.....	02.00	.0491	.0010
Cost USM Gasoline.....	100.00		.0417

II. REFINERIES RUNNING FOR GASOLINE, KEROSENE, LUBRICATING OILS AND ASPHALT

This method requires that the Refinery Expenses be sub-divided as follows:

Crude Refining Department.—For Manufacture of Gasoline and Kerosene.

Lubricating Oil Department.—For Manufacture of Lubricating Oils.

Asphalt Department.—For Manufacture of Asphalt.

Crude Refining Department.—The costs of Gasolines and Kerosene are computed by charging the Crude Oil at delivered cost, adding the expenses of the Crude Refining Department, and deducting By-Products at Market Value. In addition, the distillates and residua reserved for manufacturing Lubricating Oils (which would otherwise be processed through cracking stills for Gasoline) are deducted at their potential values as cracking stocks. The potential value of a product is computed by evaluating the finished yields from cracking the stocks at current market values of Gasoline, Fuel Oil and Gas, and deducting the expenses of the operations necessary to finish.

EXAMPLE TWO

	Barrels	Cost per bbl.	Amount
Crude Oil at Posted Price.....	1.0000	\$1.15	\$1.15
Gathering and Pipage.....		.14	.14
Delivered Cost of Crude.....		1.29	1.29
Crude Refining Expenses.....		.30	.30
Total Cost.....		1.59	1.59
Less: By-Products:			
Lubricating Distillate.....	.1000	1.20	.12
Fuel Oil.....	.1699	.65	.11
Gas.....	.0685	.71	.05
Loss.....	.0021	.00	.00
Total By-Products.....	.3405		.28
Cost of Refined Oils.....	.6595	1.98	1.31

The above cost of Gasoline and Kerosene is distributed to the different grades of Gasoline, and to Kerosene, in proportion to the market value of these products. The cost of Natural Gasoline and Tetra-Ethyl Lead is added as illustrated in Example One.

Lubricating Department.—Beginning with the Lubricating Distillate at its potential cracking value, expenses of the various processes in the Lubricating Department are added, step by step, until the finished cost of each Lubricating Oil is developed.

Any Gas Oil recovered in these finishing processes is considered as a by-product of the Lubricating Department, and is credited at its potential cracking value.

EXAMPLE THREE

	Barrels	Cost per bbl.	Amount
Lubricating Distillate.....	1.0000	\$1.20	\$1.20
Vacuum Stillling Expenses.....		.20	.20
Total Cost.....		1.40	1.40
Less: By-Products:			
Gas Oil.....	.1200	1.20	.14
Loss.....	.0100		.00
Total.....	.1300		.14
Cost Lubricating Stocks.....	.8700	1.45	1.26

The production of Lubricating Stock is shown above in one lump figure, although it actually may contain several fractions of different viscosities, the cost being distributed to the different viscosities in proportion to the relative market values of the production, as follows:

EXAMPLE FOUR

	Barrels	Cost per bbl.	Amount
100 Pale Stock.....	0.1500	\$1.25	\$0.31
300 Pale Stock.....	.3000	1.30	.39
500 Pale Stock.....	.1500	1.45	.22
750 Pale Stock.....	.2300	1.48	.34
Total.....	.8700		1.26

Each of these Lubricating Stocks require treatment with acid, after which it may become a finished Lubricating Oil of the same viscosity as the stock treated, for example:

EXAMPLE FIVE

	Barrels	Cost per bbl.	Amount
100 Pale Stock.....	1.0000	\$1.25	\$1.25
Treating Expenses.....		.20	.20
Total Cost.....		1.45	1.45
Yield:			
100 Viscosity Pale Oil.....	.9500	1.53	1.45
Sludge and Loss.....	.0500		.00
Total.....	1.0000		1.45

The 300, 500 and 750 Viscosity Pale Stocks would be finished in a similar manner.

We have used Naphthenic Base Lubricating Oils for this illustration, however Paraffine Base and Cylinder Oils, although differing in the processing required, would be finished by using the same principles of cost.

Asphalt Department.—Asphalt is produced by further distillation of that portion of the residue from crude that may normally be disposed of as Fuel Oil. This distillation effects an oxidizing, or solidifying, of the Fuel Oil to required specification for penetrations or melting points. The finished product is used in various ways, but principally as road paving material and for the impregnation and coating of dry felt for the manufacture of roofing.

The raw material charged to the Asphalt Department is evaluated as Fuel Oil, to which is added the expenses of distillation or reducing to asphalt. The products recovered in processing are credited at Fuel Oil or potential cracking values, depending on the distillation range of the product.

EXAMPLE SIX

	Barrels	Cost per bbl.	Amount
Fuel Residuum.....	1.0000	\$0.65	\$0.65
Reducing Expenses.....		.30	.30
		.95	.95
Less:			
Fuel Distillate.....	.2000	.65	.13
Loss.....	.0100		.00
Total.....	.2100		.13
Cost Asphalt Group I.....	.7900	1.04	.82

This illustrates the method of costing Asphalt of one particular grade, however, each grade is computed separately. Each may require a different degree of distillation, but the same cost principles can be applied.

These cost methods have been in effect for several years in The Texas Company, and were adopted only after exhaustive and comprehensive studies by our accountants in collaboration with our operating management. The system was designed to meet the requirements of the Refining Department for recording actual costs and to forecast probable results from old or new equipment and apparently has accomplished the desired results.

Various methods of costing are used by others in the oil industry but as far as we know none use the same system as The Texas Company. For this reason our cost figures applied to different products could not be compared correctly with the cost figures of other units of the Industry, or with costs of the Industry as a whole.

(3) Costs as determined by the method described above:

Average cost of gasoline and fuel oil, year 1938

	Gasoline, per gallon	Fuel oil, per barrel
The Texas Company (Delaware):		
Port Arthur Works.....	\$0.0594	\$0.6050
Port Neches Asphalt Plant ¹		
Shreveport Works.....		.6622
Houston Works.....	.0529	.6106
West Dallas Works.....	.0508	.7747
San Antonio Works.....	.0509	.7553
El Paso Works.....	.0611	.6944
Amarillo Works.....	.0480	.6984
West Tulsa Works.....	.0573	.6467
Pryse Works.....	.0733	.7776
Lockport Works.....	.0630	.9520
Casper Works.....	.0588	.5189
Craig Works.....	.0621	.4627
Cody Works.....	.0724	.6024
Norfolk Asphalt Plant ¹		
Delaware River Asphalt Plant ¹		
Providence Asphalt Plant ¹		
California Petroleum Corporation (Utah): Calpet Works.....	.0688	.9439
International Refining Company: Sunburst Works.....	.0525	.7650
Indian Refining Company: Lawrenceville Works.....	.0559	.8432
The Texas Company (California):		
Los Angeles Works.....	.0626	.8264
Fillmore Works.....	.0550	.6918
Coalinga Works.....		

¹ No Finished Gasoline or Fuel Oil manufactured at these plants.

TIDE WATER ASSOCIATED OIL COMPANY

Estimated per gallon values of gasoline—Used in estimating values of inventories of gasoline at December 31, 1938 for income purposes

	First grade	Second grade	Third grade
Avon Refinery (Associated, California).....	0.0646	0.0471	0.0421
Watson Refinery (Wilmington, California).....	.0646	.0471	.0421
Bayonne Refinery (Bayonne, New Jersey).....	.0696	.0515	.0465
Drumright Refinery (Drumright, Oklahoma).....	.0563	.0438	

REPLY TO ITEM #32 OF TNEC QUESTIONNAIRE

We have no method of accurately computing the cost of each product manufactured from Crude Oil, chiefly due to two facts: first, because it is impossible to assign to each product its just proportion of the cost of the raw material, the largest single item of cost, and secondly, because the refining processes are continuous and there is such an interrelation between them as to make the allocation of the processing costs to individual products impossible without major arbitrary assumptions.

A number of arbitrary costing methods have been attempted to approximate costs of certain products under a given set of conditions and assumptions.

We have experimented with various methods, but in all cases arbitrary assumptions must be employed in the division of costs and value of by-products which defeat any attempt to determine profit or loss on each product by accurate costing.

UNION OIL COMPANY OF CALIFORNIA

REPLY TO ITEM NO. 32 OF TNEC QUESTIONNAIRE AS CONTAINED IN SUPPLEMENTAL LETTER RECEIVED SEPT. 1, 1939

The company feels it should not be called upon to furnish the information requested in this question as the determination of costs involves so many constantly varying factors, some of them more or less arbitrary, that the results obtained without detailed explanation would neither be fair to the company nor serve as an accurate basis for any computations the committee might desire to be made thereon.

NON-MAJOR COMPANIES

AMERADA CORPORATION

ANSWER TO QUESTION 32 OF THE TNEC QUESTIONNAIRE

Ans. Not applicable—not engaged in refining.

AMERICAN REPUBLICS CORPORATION

REPLY TO ITEM 32 OF T. N. E. C. QUESTIONNAIRE

(b) *American Petroleum Company, Norwosorthy Topping Plant*

	Gasoline	Fuel oil
Cost of Crude Oil.....	0.04624	0.01543
Cost of Topping Plant operations.....	.00371	.00107
Topping Plant depreciation.....	.00031	.00010
Total Cost.....	.05026	.01660

COST POLICY

1. The potential market value of each product recovered from topping plant operations each month is calculated.

2. The potential market value of all products recovered from topping plant operations each month is obtained by the addition of the potential market values of each of the products recovered.

3. All costs for each month are apportioned to each product recovered in same percentage as the potential market value of each such product (#1 above) bears to the potential market of all products recovered (#2 above).

ASHLAND OIL & REFINING COMPANY

32. Summary cost statement for each domestic refinery operated (a) by the reporting company, or (b) by its subsidiaries or affiliates, for the year 1938, showing the principal elements of cost determining the cost of a gallon of gasoline and fuel oil (separately), at the refinery gate (exclusive of any selling expenses). Explain briefly the costing policy followed with particular reference to the method of proration of the elements of costs of the refining operations among the various products produced.

REFINERY COSTS, YEAR 1938

	Cost Per Barrel of Crude Oil Refined	Amount of Expense
Operating:		
Labor.....	0.0978	174,301.81
Electric Power.....	.0129	22,033.58
Fuel.....	.0646	115,101.85
Process Chemicals.....	.0176	31,416.05
Royalties.....	.0457	81,483.27
Telephone, Freight & Misc. Expense.....	.0056	10,010.44
Total.....	.2442	435,247.00
Maintenance:		
Labor.....	.0450	80,133.06
Material.....	.0186	86,652.18
Total.....	.0936	166,785.24
Fixed Charges:		
Depreciation.....	.0557	99,304.60
Insurance.....	.0075	13,380.72
Property Taxes.....	.0037	6,553.48
Total.....	.0669	119,238.80
Overhead: General Administrative.....	.0475	84,620.57
Total Manufacturing & Overhead Expense Except Tetra-Ethyl Lead.....	.4522	805,891.61
Tetra-Ethyl Lead.....	.1335	237,763.53
Crude Oil Refined, 1,781,344 (bbls.).....	1.5876	2,828,149.60
Total Cost.....	2.1733	3,871,804.74
	Barrels	Per Cent
Product Yields:		
Gasoline.....	873,649	49.04
Kerosene.....	154,243	8.66
Gas Oil & Distillate.....	295,786	16.60
Residual Fuel Oil.....	42,276	2.37
Asphalt.....	303,464	17.04
Total Yield.....	1,669,423	93.71
Refining Loss.....	111,921	6.29
	1,781,344	100.00

Our company makes no effort to prorate the cost of manufacture between various refined products. Costs are broken down into direct charges against various process operations, maintenance, materials, royalties, etc., and totalled to show the expense of refining a barrel of crude oil. Corresponding figures are compiled to show the prices realized for the various refined products and the total figure is compiled showing the gross realization each month from the products refined from a barrel of crude oil. The difference between the amount realized from the products from a barrel of oil and the cost of manufacture, including the posted market for crude oil, represents the refining profit or loss per barrel, as the case may be. Since the allocation of profit or loss between the particular products is purely arbitrary, we believe there is very little advantage in making such an allocation for the purpose of determining the cost of producing any particular product, although generally speaking, we consider gasoline our main item and the balance by-products. We believe that the only realistic method for arriving at sales prices is to take the highest figure which competitive conditions for each product will permit. We believe that arbitrary cost figures often result in arbitrary sales prices which are not realistic.

BARNSDALL OIL Co.

REPLY TO ITEM 32 OF T. N. E. C. QUESTIONNAIRE

In relation to this question for a cost statement for refineries, inasmuch as the reporting company has no refineries, and inasmuch as it is not engaged in the manufacture or sale of gasoline, the question has no application to the reporting company.

REMARKS—QUESTION 32

In answering Question No. 32 we submit a copy of our Cost Statement for the year 1938 for each of our three refineries. This Cost Statement is prepared on what is known as the BY-PRODUCTS METHOD.

There is no known method of arriving at an accurate cost of the various products made from crude oil when those products are all derived from one operation and from the same piece of distillation equipment. All of the regularly used methods use the wholesale selling price of the finished products as a basis for determining the cost of manufacture.

The BY-PRODUCTS METHOD has served our Company as a comparison of operations from month to month and is based on the theory that the distillation equipment is used primarily to produce gasoline, the other products produced in the process of producing the gasoline being considered as By-Products. On that theory the cost of making gasoline is the total cost of crude oil, plus transportation and processing expense, less the amount recovered from the sale of By-Products, (products other than gasoline produced).

The statements attached include a prorata of advertising and wholesale selling expense and the administrative expense of our Company applied to refinery operations. You will also notice that the cost of "Q"ing and Ethylizing are shown as separate items.

Cost of making gasoline from skimming and cracking plant operations

WICHITA REFINERY

	Year 1938		
	Barrels	Gallons	Percent
Ultimate Yield From Crude:			
Gasoline	1,030,992	43,301,664	64.63
Kerosene	102,576	4,308,192	6.43
38-40 Distillate	44,114	1,852,788	2.77
Tractor Distillate	18,221	765,282	1.14
Diesel Fuel	*111	*4,662	*.01
Fuel Oil	9,248	388,416	.58
Fuel Oil—Residuum	301,342	12,656,364	18.89
Reduced Crude—Okmulgee	*24,317	*1,021,414	*1.52
Reduced Crude—Wichita	10,793	453,306	.68
Gas Residue	62,632	2,630,544	3.93
Total Yield	1,555,490	65,330,580	97.52
Loss	39,847	1,673,574	2.48
Total Crude Charge	1,595,337	67,004,154	100.00
M. Cu. Ft. Gas		376,356	
Gallons Gasoline From Crude (Less Evaporation Losses)		43,301,664	
Purchased C. H. Gasoline Added		4,792,119	
Total Gasoline Produced		48,093,783	
	Amount	Per bbl. of crude	Per gal. gasoline
Summary of Costs:			
Crude Oil	1,979,190.37	1.2406	.0457
Crude Oil Transportation	179,282.88	.1124	.0041
Total Crude Oil & Transportation	2,158,473.25	1.3530	.0498
Skimming Plant Costs	136,109.38	.0853	.0031
Cracking Plant Costs	223,285.38	.1400	.0052
Total Crude & Processing Costs	2,517,868.01	1.5783	.0581
Less: Value of By-Products:		Per gal.	
Kerosene	180,404.70	0.0419	
38-40 Distillate	72,722.68	.0393	
Tractor Distillate	35,426.70	.0463	
Diesel Fuel	*142.84	.0302	
Fuel Oil	9,286.05	.0239	
Fuel Oil—Residuum	223,119.94	.0176	
Reduced Crude—Okmulgee	*27,979.56	.0274	
Reduced Crude—Wichita	*9,427.78	.0200	
Gas Residue	36,615.93	.0973	
Total By-Products	538,881.38		
Deduct Prorata:			
Advertising & Selling Expense	47,102.32	.0024	
Administrative Expense	19,513.69	.0010	
Total Advertising, Selling & Administrative Expense	66,616.01		
Net Value of By-Products	472,265.37		.0109
Cost of Gasoline From Crude (Before Depr. Inc. Evap. Loss)	2,045,602.64		.0472
Add: Cost of Purchased Casinghead	185,917.34	.0388	
Cost of Gasoline After Adding Casinghead (Before Depr.)	2,231,519.98		.0464
Add Prorata:			
Refinery Depreciation	78,147.00		.0016
Advertising & Selling Expense	113,492.03		.0024
Administrative Expense	46,365.76		.0010
Cost of Gasoline Delivered (Not Inc. "Q" nor Ethyl)	2,469,524.77		.0514
Additional Cost of "Q"ing	82,727.91		.0027
Additional Cost of Ethylizing	7,983.51		.0057
Average Cost of All Grades of Gasoline Shipped	2,560,236.19		.0532

1 M. Cu. Ft.

*Indicates red figures.

Cost of making gasoline from cracking plant operations

CORPUS CHRISTI REFINERY

	Year 1938		
	Barrels	Gallons	Percent
Ultimate Yield From Crude Blend:			
Gasoline—Stills.....	893, 671	37, 534, 182	52.34
Fuel Oil.....	564, 400	23, 704, 800	33.05
Fuel Oil—Slop.....	*1, 959	*82, 278	*.11
Gas Residue.....	140, 612	5, 905, 704	8.23
Total Yield.....	1, 596, 724	67, 062, 408	93.51
Loss.....	110, 864	4, 656, 288	6.49
Grand Total.....	1, 707, 588	71, 718, 696	100.00
M. Cu. Ft. Gas.....		844, 932	
Gallons Gasoline From Crude Blend.....		37, 534, 182	
Purchased C. H. Gasoline Added.....		325, 285	
Purchased Third Grade Gasoline.....		739, 576	
Total Gasoline Produced.....		38, 599, 043	
	Amount	Per bbl. crude bld.	Per gal. gasoline
Summary of Costs:			
Crude Blend & Transportation.....	2, 091, 008.93	1.2245	0.0557
Cracking Plant Expense.....	357, 898.61	.2096	.0095
Total Crude Blend & Processing.....	2, 448, 907.54	1.4341	.0652
Less: Value of By-Products:		Per gal.	
Fuel Oil.....	348, 450.71	6.0147	
Fuel Oil—Slop.....	*882.26	.0147	
Gas Residue.....	42, 246.60	1.0500	
Total By-Products.....	389, 815.05		
Deduct Prorata:			
Adv., Selling & Commission.....	3, 324.85	.0001	
Administrative Expense.....	22, 571.70	.0010	
Total Adv., Selling & Admin. Expense.....	25, 896.55		
Net Value of By-Products.....	363, 918.50		.0097
Cost of Gasoline From Crude Blend (Before Depreciation Including Evaporation Losses).....	2, 084, 989.04		.0555
Add:			
Cost of Purchased Casinghead.....	16, 964.50	.0522	
Cost of Purchased 3rd Grade Gasoline.....	33, 587.01	.0454	
Cost of Gasoline After C. H. & 3rd Grade Gasoline (Before Depreciation).....	2, 135, 540.55		.0553
Add:			
Depreciation.....	140, 712.10		.0036
Commission—Cargo.....	37, 860.64		.0010
Commission—"A" Units.....	3, 001.94		.0001
Administrative Expense.....	33, 174.80		.0009
Average Cost of all Grades of Gasoline.....	2, 350, 290.03		.0609

¹ M. Cu. Ft.

*Indicates red figures.

Cost of making gasoline from skimmings and cracking plant operations

BARNSDALI REFINERY

	Year 1938		
	Barrels	Gallons	Percent
Ultimate Yield From Crude:			
Gasoline.....	557,731	23,424,702	50.64
Kerosene.....	33,331	1,399,902	3.03
Tractor Distillate.....	6,481	272,202	.59
Rerun Distillate.....	14,565	611,730	1.32
Gas Oil.....	*54,788	*2,301,096	*4.97
Diesel Fuel.....	5,352	224,784	.49
Wax Distillate.....	15,942	659,564	1.45
Fuel Oil—Industrial.....	15,778	662,676	1.43
Fuel Oil.....	235,047	9,871,974	21.34
Reduced Crude.....	*13,840	*581,280	*1.26
L Stock.....	163,597	6,871,074	14.85
Topped Crude.....	13,020	546,840	1.18
Gas Residue.....	35,757	1,501,794	3.24
Total Yield.....	1,027,973	43,174,866	93.33
Loss.....	73,430	3,084,060	6.67
Total Crude Charge.....	1,101,403	46,258,926	100.00
M. Cu. Ft. Gas.....		214,859	
Gallons Gasoline From Crude (Less Evaporation Losses)			
Purchased C. H. Gasoline Added—Refinery.....		23,424,702	
Purchased C. H. Gasoline Added—Pipe Line.....		9,434,205	
		277,668	
Total Gasoline Produced.....		33,136,575	
Summary of Costs:			
	Amount	Per bbl. of crude	Per gal. gasoline
Crude Oil.....	1,251,330.48	1.1361	.0534
Crude Oil Transportation.....	130,341.99	.1184	.0056
Total Crude Oil & Transportation.....	1,381,672.47	1.2545	.0590
Skimming Plant Costs.....	107,626.76	.0977	.0046
Cracking Plant Costs.....	169,380.18	.1538	.0072
Total Crude & Processing Costs.....	1,658,679.41	1.5060	.0708
Less: Value of By-Products:			
		Per gal.	
Kerosene.....	58,085.95	0.0415	
Tractor Distillate.....	12,519.25	.0460	
Rerun Distillate.....	21,031.10	.0144	
Gas Oil.....	*57,527.40	.0250	
Diesel Fuel.....	7,865.40	.0350	
Wax Distillate.....	16,739.10	.0250	
Fuel Oil—Industrial.....	20,741.76	.0313	
Fuel Oil—Light.....	10,692.30	.0177	
Fuel Oil—Heavy.....	164,409.16	.0177	
Reduced Crude.....	*11,625.60	.0200	
L Stock.....	133,647.73	.0195	
Topped Crude.....	10,864.61	.0199	
Gas Residue.....	21,485.90	1.1999	
Total By Products.....	408,929.26		
Deduct Prorata:			
Adv. & Selling Expense.....	27,476.37	.0022	
Administrative Expense.....	26,564.25	.0021	
Total Adv., Selling & Administrative Expense.....	54,040.62		
Net Value of By-Products.....	354,888.64		.0152
Cost of Gasoline From Crude (Before Depreciation Including Evaporation Losses).....	1,303,790.77		.0556
Add: Cost of Purchased Casinghead.....	385,805.30	.0397	
Cost of Gasoline After Adding Casinghead (Before Depr.).....	1,689,596.07		.0510
Add Prorata:			
Refinery Depreciation.....	93,078.36		.0028
Advertising & Selling Expense.....	73,217.34		.0022
Administrative Expense.....	70,640.96		.0021
Cost of Gasoline Delivered (Not Inc. "Q" nor Ethyl).....	1,926,532.73		.0581
Additional Cost of "Q"ing.....	40,453.97		.0012
Average Cost of All Grades of Gasoline Shipped.....	1,966,986.70		.0594

1 M. Cu. Ft.

*Indicates red figures.

CHALMETTE PETROLEUM CORPORATION

REPLY TO ITEM 32 OF T. N. E. C. QUESTIONNAIRE

The Chalmette Petroleum Corporation operates only one refinery. The main product of the refinery is gasoline. During 1938 the refinery produced in addition to gasoline, Bunker C Fuel Oil and #2 Gas Oil. In determining the cost of gasoline, the fuel and gas oil is priced at the prevailing markets and the difference between the actual cost of these products and the market prices, is either charged or credited against gasoline. The gasoline when sold stands all selling and overhead expenses. The principle elements determining the cost of gasoline are as follows:

- (A) Cost of Crude.
- (B) Cost of Casinghead used in Blending.
- (C) Total manufacturing Expenses at Refinery (Including Depreciation).
- (D) Total storage Expenses (Including Depreciation on Storage Tanks).

ADDITIONAL INFORMATION ON REPLY TO ITEM NO. 32 OF TNEC QUESTIONNAIRE

From letter of Aug. 4, 1939 to Mr. J. R. Brackett.
Question No. 32.

Summary of unit cost 1938

	Gasoline cost per bbl.	Fuel oil cost per bbl.
January.....	\$2.2035	\$0.95
February.....	2.3049	.95
March.....	2.2856	.86742
April.....	2.2565	.80252
May.....	2.3966	.80
June:		
Cost low due to blending only.....		
Ref. down account fire.....	1.7973	.75
July.....	2.3863	.75922
August.....	2.4413	.75
September.....	2.2669	.75
October.....	2.1221	.75
November.....	2.027	.75
December.....	2.1292	.75

CHAMPLIN REFINING COMPANY

REPLY TO QUESTION 32 OF TNEC QUESTIONNAIRE

32. We have never made this kind of analysis for the reason that we doubt the accuracy of any per gallon cost of separate commodities which could be computed. Hence, we do not have the figures available with which to answer this question.

COSDEN PETROLEUM CORPORATION

REPLY TO ITEM 32 OF T. N. E. C. QUESTIONNAIRE

Refinery operating costs for the fiscal year ended April 30, 1938, are as follows:

Cost of crude oil.....	\$3, 141, 508. 62
Cost of blending stock.....	480, 193. 39
Cost of asphalt drums.....	21, 246. 18
Direct operating expense.....	836, 022. 46

Direct costs such as asphalt drums are charged directly to that product. Indirect costs are prorated over the various products on the basis of the percentage of the value that each product bears to the total-value of all products.

HICKOK OIL CORPORATION

REPLY TO ITEM # 32 OF T. N. E. C. QUESTIONNAIRE

Answer: None.

HOUSTON OIL COMPANY OF TEXAS

REPLY TO ITEM 32 OF T. N. E. C. QUESTIONNAIRE

32. Summary cost statement for each domestic refinery operated (a) by the reporting company, or (b) by its subsidiaries or affiliates, for the year 1938, showing the principal elements of cost determining the cost of a gallon of gasoline and fuel oil (separately), at the refinery gate (exclusive of any selling expenses). Explain briefly the costing policy followed with particular reference to the method of proration of the elements of costs of the refining operations among the various products produced.

Houston Oil Company of Texas, Viola refinery, manufacturing expense-topping stills

	For twelve months ending Dec. 31, 1938	
	Barrels	Value
Charged: Mixed Crude.....	168,946.69	\$226,574.67
Direct Manufacturing Expense:		
Labor and Insurance.....	7,220.52	
Consumable Supplies.....	231.55	
Fuel.....	613.29	
Repairs.....	187.64	
Boiler Station Operations:		
Labor and Insurance.....	6,897.61	
Fuel.....	1,706.24	
Repairs.....	695.27	
Fresh Water.....	1,160.78	
Miscellaneous.....	1,020.34	
	11,475.24	
Prorata chargeable to manufacturing expense.....	8,033.21	
Laboratory.....	170.51	
Electricity.....	169.37	
Fresh Water System.....	363.33	
Warehouse Operations.....	37.68	
Pump Station Operations.....	245.16	
		17,277.26
Indirect Manufacturing Expense:		
Yard Upkeep.....	2,944.48	
Fire Protection.....	1,255.87	
Property Taxes Estimated.....	102.25	
Processing Tax.....	36.93	
Depreciation.....	972.11	
Overhead.....	4,899.26	
		10,210.90
		254,062.83
Yield:		
Gasoline.....	67,125.37	153,672.57
Kerosene ¹	12,126.65	20,931.07
Fuel Oil ¹	88,287.98	79,459.19
Loss.....	1,406.69	
	168,946.69	254,062.83

¹ Kerosene and fuel oil are inventoried at average market (jobbers) listings during the month in which produced. The remaining cost is allocated to the production cost of gasoline.

KENDALL REFINING COMPANY

REPLY TO ITEM 32 OF T. N. E. C. QUESTIONNAIRE

Gasoline costs:

Crude Oil Distillation.....	c/gal.
Crude oil cost allocated to gasoline.....	4.7237
Distillation expense allocated.....	0.1683
Total—untreated straight-run gasoline.....	4.8920

Gasoline costs—Continued.

Gasoline treating:	c/gal.
Treating loss.....	0. 0483
Expense.....	0. 0740
Total—gasoline treating.....	0. 1223
Total cost of finished straight-run gasoline.....	5. 0143
Cracking:	
Charging stock.....	5. 0681
Expense.....	1. 7016
	6. 7697
Less: By products.....	0. 8604
Total cost of cracked gasoline.....	5. 9093
Cost of blending and mixing regular gasoline.....	0. 46
Cost of blending and mixing ethyl gasoline.....	0. 8189

Fuel Oil Costs:

Crude Oil Distillation:	
Crude oil cost allocated to gas oil.....	3. 6756
Distillation expense allocated.....	0. 1276
Total.....	3. 8032

The cost of crude oil and the distillation expenses (including labor, supplies, maintenance, utilities, taxes, insurance, depreciation, as well as a portion of refinery overhead) are spread over the yield according to the so-called "realization method". Treating, blending and mixing, and cracking expenses include those parenthetically enumerated as well as royalty and ethyl fluid costs.

LION OIL REFINING COMPANY

REPLY TO ITEM #32 OF TNEC QUESTIONNAIRE

Answer: Not available.

NATIONAL REFINING COMPANY

REPLY TO ITEM #32 OF T. N. E. C. QUESTIONNAIRE

No costing system has been used. The method of pricing inventories is the proportionate part of total refinery expenses attributed to each product, based on the total net-back for each product.

SUPPLEMENTAL REPLY TO ITEM #32 AS CONTAINED IN LETTER OF AUGUST 4, 1939

The unit prices based on the valuation of inventories of gasoline and fuel oil during 1938 for the three refineries are as follows:

For the *Coffeyville Refinery* beginning with January, 1938 on thru November the prices were unchanged.

White Rose Ethyl.....	0.045 per gallon
White Rose.....	.035 " "
Royal.....	.03 " "

For the month of December 1938 the changes were as follows:

White Rose Ethyl.....	0.0488 per gallon
White Rose.....	.0412 " "
Royal.....	.0326 " "

There is no fuel oil in stock at the Coffeyville Refinery.

For the *Findlay Refinery* beginning with January 1938 on through November the prices were unchanged.

White Rose Ethyl.....	0.063 per gallon
White Rose.....	.053 " "
Royal.....	.048 " "
Fuel Oil.....	.028 " "

For the month of December the prices were as follows:

White Rose Ethyl.....	0.0662 per gallon
White Rose.....	.0588 " "
Royal.....	.04 " "
Fuel Oil.....	.035 " "

For the *Marietta Refinery* beginning with January 1938, the prices are as follows:

	WRE	WR	Royal	Fuel oil
January.....	0.0875	0.0485	0.046	0.0285
February.....	.0875	.0485	.046	.0285
March.....	.0875	.0485	.046	.0285
April.....	.0925	.0485	.046	.0285
May.....	.0925	.0485	.046	.0285
June.....	.0925	.0485	.046	.0285
July.....	.0925	.0485	.046	.0285
August.....	.0925	.0485	.046	.0285
September.....	.0875	.0485	.046	.0285
October.....	None	.0485	None	.0285
November.....	None	.0485	None	.0285
December.....	None	.05875	None	.035

PLYMOUTH OIL COMPANY

REPLY TO ITEM #32 OF T. N. E. C. QUESTIONNAIRE

See answers to questionnaire forwarded by Republic Oil Refining Company.

QUAKER STATE OIL REFINING CORPORATION

SUPPLEMENTAL REPLY TO ITEM #32 AS CONTAINED IN LETTER OF AUGUST 17TH

Unit prices in valuation of inventories of gasoline and fuel oil at the beginning and end of the year 1938 were as follows:

	1/1/38	12/31/38
Gasoline:		
Below 65 Octane.....	0.04510	0.0393
65 Octane and above.....	.05897	.0532
Ethyl.....	.06406	.0583
Heavy Fuel Oil.....	.0231	.01966

REPLY TO ITEM #32 OF T. N. E. C. QUESTIONNAIRE

The reporting company does not have at any refinery any cost system for determining the cost of a gallon of gasoline and fuel oil separately. Departmental cost figures are maintained only for reflection of department operating efficiency. At the close of the year, the auditors determine the cost of the various petroleum products at inventory by method based on sales realization.

REPUBLIC OIL REFINING COMPANY

REPLY TO ITEM 32 OF T. N. E. C. QUESTIONNAIRE

Briefly and summarily stated, materials manufactured are costed monthly by allocating among the various products produced that month the cost of the raw material and manufacturing costs on the basis of the net back received at the Refinery on the various finished products produced. In the belief that it would be more helpful, we are enclosing herewith Financial Statement for the month of January 1939, marked "See Question 32."

PROCESSING COST

	Month of January 1939				Total Crude Stock			
	Refinery Crude Stock		Other Crude Stock					
	Barrels	Unit	Amount	Barrels	Unit	Amount	Barrels	Amount
Crude Oil:								
Opening Inventory.....	306,712.00	1.4445275	443,053.93	688,210.00	1.3029527	896,705.09	994,922.00	1,339,759.02
Purchases.....	2,048.00	1.2128076	2,483.83	897,850.00	1.2924910	1,160,463.08	899,898.00	1,162,946.91
Total.....	308,760.00	1.4429905	445,537.76	1,586,060.00	1.2970305	2,057,168.17	1,894,820.00	2,502,705.93
Transferred to Refinery.....	377,953.00	1.3616081	514,623.86	377,953.00	1.3616081	514,623.86		
Transportation to Texas City.....			25,062.37	7,972.00				25,062.37
Less Transportation Pipe Line Loss.....								
Total.....	686,713.00	1.4346954	985,223.99	1,200,135.00	1.2863060	1,542,544.31	1,886,848.00	2,527,768.30
Inventory Jan. 31, 1939.....	254,950.00	1.4276473	363,978.69	808,563.00	1.2921766	1,044,806.19	1,063,513.00	1,324,652.21
Crude Oil Run to Still.....	431,763.00	1.4388572	621,245.30				823,335.00	1,118,983.42
Material Cost of Sales.....				391,572.00	1.2711250	497,738.12		
Gasoline Processed.....	931.00	2.0545121	1,912.75				931.00	1,912.75
Light Fuel Oil Processed.....	16,820.00	1.1490415	19,326.88				16,820.00	19,326.88
Kerosene Processed.....	466.00	1.5737680	733.38				466.00	733.38
Total.....	449,980.00	1.4294376	643,218.31				841,552.00	1,140,956.43
Expense-Payroll:								
Supervisory.....	1,915.00							
Operation.....	15,815.13							
Maintenance.....	6,340.11							
Operating Supplies:		24,070.24						
Maintenance.....	3,489.86							
Water.....	621.00							
Electricity.....	4,181.25							
Lubricants.....	173.99							
Fuel Oil Burned.....		8,466.70						
Gas Burned.....		180.23						
Processing Expense:		3,103.96						
Caustic Soda.....	269.38							
Sulphuric Acid.....	885.40							
Litharge.....	43.50							
Miscellaneous Expense:		1,198.28						
Auto & Truck.....	239.21							
Property Insurance.....	1,661.81							
Compensation Insurance.....	134.60							

Public Liability..... 120.50
 Unclassified Overhead..... 2,471.36
 Unemployment Insurance Tax..... 722.10
 Social Security Tax..... 239.77

5,589.41

Total Processing Expense.....

Depreciation.....

Total Material & Processing Cost.....

42,608.82

16,700.68

59,309.50

1,561,242.3

702,527.81

PRODUCTION AND PURCHASES

Commodity	Percentage Yield	Barrels	Production Unit	Amount	Barrels	Purchases Unit	Amount	Barrels	Total Unit	Amount
Gasoline 65/70.....	8.50	38,288.00	2.0186090	77,288.50				38,288.00	2.0186090	77,288.50
Gasoline Motor.....	28.18	126,781.00	1.8377330	232,989.63				126,781.00	1.8377330	232,989.63
Gasoline 300 E. P. Aviation.....	8.25	37,112.00	3.3262910	123,445.31				37,112.00	3.3262910	123,445.31
Gasoline "Q" and Ethyl.....					11,284.00	2.2873077	25,809.98	11,284.00	2.2873077	25,809.98
Gasoline Natural.....					44,390.00	1.9352118	85,921.47	44,390.00	1.9352118	85,921.47
Fuel Oil Heavy.....	16.70	75,163.00	.6383699	47,981.80				75,163.00	.6383699	47,981.80
Gas Oil.....	23.83	107,204.00	1.3673848	146,589.12				107,204.00	1.3673848	146,589.12
Kerosene.....	10.58	47,618.00	1.5589367	74,233.45				47,618.00	1.5589367	74,233.45
Motor Oil.....					103.34	12.4333269	1,284.86	103.34	12.4333269	1,284.86
Total.....	96.04	432,166.00	1.6255971	702,527.81	55,786.34	2.0238778	113,016.31	487,952.34	1.6713602	815,544.12
Loss.....	3.96	17,814.00								
	100.00	449,980.00								

Commodity

Commodity	Barrels Produced	Average—Net Back Refinery	Selling Value
Gasoline 65/70.....	38,288.00	2.0183531	77,278.70
Gasoline Motor.....	126,781.00	1.8375000	232,960.09
Gasoline 300 E. P. Aviation.....	37,112.00	3.3258693	123,429.66
Fuel Oil Heavy.....	75,163.00	.6382891	47,975.72
Gas Oil.....	107,204.00	1.3672115	146,570.54
Kerosene.....	47,618.00	1.5587392	74,224.04
	432,166.00	1.6253911	702,438.75

Production Cost 100.0126786% of average selling value.

RICHFIELD OIL CORPORATION

REPLY TO ITEM NO. 32 OF TNEC QUESTIONNAIRE

A determination of the separate cost of gasoline or other refined products produced at the Corporation's refinery is impossible due to the fact that the principal elements contributing to the cost of refined products cannot be allocated to the various products produced, except on an entirely arbitrary basis. For this reason, no attempt is being made to answer this question.

SOUTH PENN OIL COMPANY

REPLY TO ITEM #32 OF T. N. E. C. QUESTIONNAIRE

The Pennzoil Company

South Penn Oil Company, Triad Oil Company and Bradford Transit Company do not operate any refineries, consequently they do not have the data requested. As to The Pennzoil Company the following data has been furnished, viz..

Summary of Cost Statements, Gasoline & Fuel For Year 1938

	Cost per Gallon
Transport or Third Grade Gasoline.....	\$.0500
Pennzip or Regular Grade Gasoline.....	.0652
Ethyl or Premium Grade Gasoline.....	.0766
Fuel Oil from Primary Distillation 8,140,986 gal. %.....	.0381
Fuel Oil from Neutral Department 14,967,498 gal. %.....	.0411
Average Cost of Fuel Oil.....	.0400

The above costs of gasoline and fuel oil have been determined by using the "Sales realization method". The processing material consumed in each department was priced at cost. Direct distribution was made of expenses properly chargeable to each department. Utility department expenses were prorated according to service rendered. Refinery office expenses were allocated on direct labor and investment basis.

Third Grade Gasoline.—The third grade gasoline yield from primary distillation totaled 35,067,312 gallons for the year 1938 for which a gross return of \$1,747,-688.05 was realized. This represented 3rd 19% of the gross return of the entire yield of the primary distillation which percentage applied to the total material cost and manufacturing expense for the year 1938 plus 50% of the value of the distillation loss resulted in a cost of \$1,755,367.89 or \$.0500 per gallon.

Material cost and manufacturing expense itemized as follows:

Crude Oil.....	\$5, 371, 880. 11
Slop Oil.....	18, 977. 57
	<hr/>
	5, 390, 857. 68
Direct and Indirect Labor and Expense.....	306, 985. 58
	<hr/>
Total Cost—Primary Distillation.....	\$5, 697, 843. 26

Fuel Oil from Primary Distillation.—The fuel oil yield from Primary Distillation totaled 8,140,986 gallons for the year 1938, for which a gross return of \$317,042.40 was realized. This represented 5.48% of the gross return of the total yield of the Primary Distillation which percentage applied to total cost plus adjustment for distillation loss (see third grade gasoline) resulted in a cost of \$309,479.51 or \$.0381 per gallon.

Fuel Oil from Neutral Department.—The fuel oil yield from the Neutral Department totaled 14,967,498 gallons for the year 1938, for which a gross return of \$582,235.67 was realized. This represented 31.58% of the gross return of the entire yield of the Neutral Department which percentage applied to the total cost (see below) resulted in a cost of \$614,932.71 or \$.0411 per gallon.

Material Cost and Manufacturing Expenses as follows:

Wax Stock from Inventory.....	\$173, 527. 55
“ “ “ Production.....	1, 476, 860. 37
	\$1, 650, 387. 92
Direct and Indirect Labor and Expenses.....	296, 834. 11
Total Cost—Neutral Department.....	\$1, 947, 222. 03

PENZIP GASOLINE BLENDING DEPARTMENT

Products Yielded	Gallons Yielded	Average Sell. Price Per Gallon	Gross Returns	Per Cent of Total	Material Cost & Manufacturing Expenses	Total Cost Per Gallon
Revenue:						
Pennzip.....	46, 211, 013	0. 0618	\$2, 856, 716. 07	100. 00%	\$3, 014, 311. 17	0. 0652
Loss.....	251, 911					
	46, 462, 924		2, 856, 716. 07	100. 00%	3, 014, 311. 17	
Material: Straight Run Gasoline from Production.....	20, 910, 967	. 0500	1, 045, 548. 35			
Cracked Gasoline from Inventory.....	546, 079	. 0687	37, 515. 63			
Casing Head Gasoline from Purchases.....	963, 927	. 0636	61, 305. 76			
Solvent from Purchases.....	64, 681	. 0618	3, 997. 29			
Cracked Gasoline from Dubbs #3 Production.....	12, 308, 784	. 0633	779, 146. 03			
Cracked Gasoline from Dubbs #4 Production.....	11, 668, 486	. 0673	785, 289. 11			
	46, 462, 924		2, 712, 802. 17			
Direct and Indirect Labor and Expenses.....			301, 509. 00			
			3, 014, 311. 17			

ETHYL GASOLINE BLENDING DEPARTMENT

Revenue:						
Ethyl.....	4, 669, 751	. 0725	\$338, 415. 77	100. 00%	\$357, 834. 71	0. 0766
Loss.....	37, 969					
	4, 707, 720		338, 415. 77	100. 00%	357, 834. 71	
Material Cost:						
Cracked Gasoline from Dubbs #4 Production.....	4, 707, 720	. 0673	316, 829. 56			
Direct and Indirect Labor and Expenses.....			41, 005. 15			
			357, 834. 71			

EXHIBIT No. 1317

PART "B"—APPENDIX II

ARKANSAS FUEL OIL COMPANY AND SUBSIDIARY

Analysis of consolidated assets and consolidated income, classified by branches or departments—Arkansas Fuel Oil Company, Parent Company
DECEMBER 31, 1936

	Total	(1) Domestic Petroleum Branches										(2) Foreign Petroleum Branches		(3) Investments in Unconsolidated Petroleum Affiliates		(4) General In- vestments		(5) Miscellaneous	
		(a) Production		(b) Transporta- tion		(c) Refining and Manufacturing		(d) Marketing											
		Amount	Per Cent	Amount	% of To- tal	Amount	% of To- tal	Amount	% of To- tal	Amount	% of To- tal	Amount	% of To- tal	Amount	% of To- tal	Amount	% of To- tal		
Assets Used or Em- ployed:																			
1. Properties, Plant and Equipment.....	\$31,773,857.72	100	\$25,079,272.32	78.9	\$2,144,525.79	6.8	\$1,595,884.21	5.0	\$2,721,084.95	8.6						\$233,090.45	.7		
Less: Reserves for Depreciation, De- pletion and Amor- tization.....	3,883,280.26	100	3,220,882.30	82.9	309,867.27	8.0	13,790.08	.3	33,962.56	.9						394,778.05	7.9		
Net.....	\$27,890,577.46	100	\$21,858,390.02	78.4	\$1,834,658.52	6.6	\$1,582,094.13	5.7	\$2,687,122.39	9.6						\$71,637.60	.5		
2. Current Assets.....	7,571,524.28	100	2,640,129.69	34.9	24,716.19	.3	2,186,034.28	28.9	2,715,069.13	35.8						6,555.99	.1		
3. Non-current Secur- ity Investments.....	66,250.00	100																	
4. Advances in Affil- iated Companies— Unconsolidated.....	2,886.54	100																	
																\$2,886.54	100		

Italics indicate red figures.

	Total	(1) Domestic Petroleum Branches								(2) Foreign Petroleum Branches		(3) Investments in Unconsolidated Petroleum Affiliates		(4) General Investments		(5) Miscellaneous	
		(a) Production		(b) Transportation		(c) Refining and Manufacturing		(d) Marketing		Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
		Amount	Per Cent	Amount	% of Total	Amount	% of Total	Amount	% of Total								
Assets Used or Employed—Con.																	
5. Intangible Assets.	100																
6. Deferred Charges.	100	\$15,323.83	100	\$8,250.94	53.8	\$304.71	2.0	\$1,910.55	12.5	\$4,639.98	30.3					\$217.65	1.4
7. Other Assets.	100	453,525.78	100	163,466.23	36.0	193.54		386.46	.1	193,051.31	42.6			\$96,428.24	21.3		
8. Totals.		\$36,000,087.89		\$24,670,236.88	68.5	\$1,859,871.96	5.2	\$3,770,425.42	10.5	\$5,599,902.81	15.5			\$66,250.00	.2	\$99,314.78	.3
Income:																	
1. Gross Revenue.		\$14,789,623.85		\$11,238,247.98		\$925,245.90		\$1,510,691.77		\$559,947.02				\$531,744.30			\$23,746.88
Less: Inter-Departmental Sales.		2,326,160.42															
Net Revenue.		12,463,463.43															
Ratio to Total Assets.	34.6																
2. Net Income Before Interest and Dividends.		3,898,500.67		3,024,282.17		495,478.72		19,596.55		42,715.95				1,475,471.69		40,899.34	
Ratio to Total Assets.	10.8		12.3			26.6											

Analysis of consolidated assets and consolidated income, classified by branches or departments—Arkansas Fuel Oil Company, Parent Company—Continued

DECEMBER 31, 1938

	Total	(1) Domestic Petroleum Branches						(2) Foreign Petroleum Branches		(3) Investments in Unconsolidated Petroleum Affiliates		(4) General Investments		(5) Miscellaneous	
		(a) Production		(b) Transportation		(c) Refining and Manufacturing		(d) Marketing		Amount	% of Total	Amount	% of Total	Amount	% of Total
		Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total						
Assets Used or Employed:															
1. Properties, Plant and Equipment	100	\$34,562,771.75	100	\$26,923,392.57	77.7	\$2,177,919.60	6.3	\$1,936,179.95	5.6	\$3,348,223.25	9.7				
Less: Reserves for Depreciation, Depletion and Amortization		4,822,000.42	100	3,519,532.36	73.0	525,761.37	10.9	189,798.12	3.9	299,308.50	6.0				
2. Current Assets	100	29,740,771.33	100	23,403,860.21	78.7	1,652,058.23	5.5	1,746,381.83	5.9	3,058,914.75	10.3				
3. Non-Current Assets	100	9,419,856.10	100	2,710,579.93	28.8	75,089.88	.8	2,027,473.41	21.5	4,598,988.27	48.8				
4. Investments in Ad- vanced Companies—Unconsolidated	100	2,985.54	100									\$2,885.54	100		
5. Intangible Assets	100	118,250.00	100							\$118,250.00	100				
6. Deferred Charges	100	56,022.18	100	44,484.19	78.1	428.87	.8	4,369.60	7.7	7,572.05	13.3			67.47	
7. Other Assets	100	571,905.24	100	111,943.60	19.6	193.54	.1	386.46	.1	459,381.64	80.3				
8. Totals	100	\$39,910,570.39	100	\$26,670,867.93	65.8	\$1,730,770.52	4.3	\$3,778,611.30	9.5	\$8,124,856.71	20.4	\$2,885.54	.3	\$116,671.61	.3

Analysis of consolidated assets and consolidated income classified by branches or departments—Cities Service Oil Company (Pa.) parent company—
Continued

DECEMBER 31, 1938

	Total	(1) Domestic Petroleum Branches								(2) Foreign Petroleum Branches		(3) Investments in Unconsolidated Petroleum Affiliates		(4) General In- vestments		(5) Miscellaneous	
		(a) Production		(b) Transporta- tion		(c) Refining and Manufacturing		(d) Marketing		Amount	% of To- tal	Amount	% of To- tal	Amount	% of To- tal	Amount	% of To- tal
		Amount	% of To- tal	Amount	% of To- tal	Amount	% of To- tal	Amount	% of To- tal								
Assets Used or Em- ployed:																	
1. Properties, Plant and Equipment.....	100	\$61,025,725.04	100	\$3,604,913.22	5.9	\$17,639,830.53	28.9	\$17,356,214.86	28.4	\$22,424,766.43	36.8						
Less: Reserves for Depreciation De- pletion and Amor- tization.....	100	12,586,267.04	100	3,095,379.76	24.6	5,974,315.36	47.5	1,525,082.17	12.1	1,991,489.75	15.8						
Net.....		\$48,439,458.00	100	\$509,533.46	1.1	\$11,665,515.17	24.1	\$15,831,132.69	32.6	\$20,433,276.68	42.2						
2. Current Assets.....	100	14,111,503.13	100	78,969.46	.6	579,448.22	4.1	6,362,036.13	45.1	7,036,631.42	49.8					\$54,417.90	0.4
3. Non-current Secur- ity Investments and Advances in Af- filiated Compan- ies—Unconsoli- dated.....	100	159,945.22	100									\$73,000.00	48.8	\$1,022.50	.6	80,922.72	50.6
4. Intangible Assets.....	100																
5. Deferred Charges.....	100	58,680.67	100			16,585.50	28.3	42,095.08	71.7								
6. Other Assets.....	100	423,685.87	100	554.26	.1	40,084.11	9.5	376,380.83	88.8							6,666.67	1.6
7. Total.....		\$63,193,272.89	100	\$588,502.92	.9	\$12,245,517.65	19.4	\$22,249,838.52	35.2	\$27,888,384.01	44.2	\$73,000.00	.1	\$1,022.50	.6	\$142,007.29	.2

ANSWER TO REQUEST MADE IN TEMPORARY NATIONAL ECONOMIC COMMITTEE'S LETTER OF AUGUST 14, 1939 FOR SUPPLEMENTAL DATA IN CONNECTION WITH ANSWERS SUBMITTED BY CONSOLIDATED OIL CORPORATION ON JULY 21, 1939 TO ITEMS 11-K (1) AND 11-K (2) OF THE QUESTIONNAIRE FOR OIL COMPANIES OF APRIL 19, 1939

Attached hereto, marked Pages #3, 4 and 5, are analyses for each of the years 1936, 1937 and 1938 respectively of Assets and Income (on a consolidated basis) of the reporting company and its subsidiaries. The following comments are explanatory of the methods which have been employed in the preparation of such attached statements.

Analyses have been prepared in the form suggested by the Committee insofar as it has been found possible to conform thereto. All of the various amounts reported have been stated in units of one hundred thousand dollars, and are to be further regarded as approximations to the extent indicated hereinafter.

For the reason that assets used or employed during the period in question by foreign branches engaged in the petroleum industry did not exceed 10% of the total consolidated assets, foreign activities have been combined with domestic activities.

Accounting and statistical records of the reporting company and its subsidiaries are not maintained on a basis whereby, in all cases, Assets and Income can be classified according to actual subdivision between branches or departments of the business. Where this condition has been encountered, therefore, the suggestion of the Committee has been followed, in that certain assets not specifically allocable to a branch or branches have been arbitrarily allocated to various departmental groupings on the basis of the percentage relationship of the amounts of gross Capital Assets employed in such departments. In the computation of departmental net income, a similar allocation has been made of certain expenses not susceptible to departmental subdivision on an actual basis.

As indicated in the original answer to Question 11-K, the functions of refining and marketing are performed largely by Sinclair Refining Company (a wholly-owned subsidiary of the reporting company), engaged in transportation by pipe line, in refining and in marketing. The accounting methods employed by this company make possible the statistical segregation of Capital Assets, but preclude the practicability of effecting a departmental segregation of other assets used in refining and marketing. The company's accounting methods similarly preclude the allocation, on a departmental basis, of gain or loss resulting from such activities. The operation of refining plants by Sinclair Refining Company is treated, for accounting purposes, as a component of the integral function of refining and marketing. In the attached analyses, therefore, each asset feature (except Capital Assets) applicable to Refining, Manufacturing and Marketing has been shown as one figure. Related gross revenue and approximate net income have, of necessity, each been similarly treated.

The amounts of gross revenue reported in the attached analyses for each of the years in question differ substantially from the gross revenue of the reporting company and its subsidiaries on a consolidated basis. In order to display gross revenue on a branch basis, it has been necessary to include elements of revenue arising from inter-branch transactions, but the gross revenue reported for a given branch does not include inter-company revenue arising from transactions pertaining to such branch between companies severally engaged in such branch.

It will be noted that the amounts of departmental net income reported in the attached analysis for the year 1938 are not in conformity with the related amounts reported in the original answer to Question 11-K (1). These differences are generally attributable to the realignment (as compared with methods used in preparing the original answer) of certain branch functions in a manner which would appear to conform to the instructions accompanying the request for this supplemental data; the inclusion in the attached analysis for the year 1938 of the results of foreign activities; the arbitrary allocation of certain expenses not considered in the original answer; the reallocation of net income of certain minor pipe line facilities referred to in Footnote A to the original answer; and the exclusion from the original answer of the net income of certain subsidiaries which had assumed an inactive status prior to the end of the year 1938.

CONSOLIDATED OIL CORPORATION

Analyses of consolidated assets and consolidated income classified by branches or departments

YEAR 1936

	Total		Production		Transportation		Refining and Manufacturing		Marketing		Investments in Unconsolidated Petroleum Affiliates		General Investments		Miscellaneous	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Assets employed or allocated at December 31, 1936:																
1. Properties, Plant and Equipment	\$292,200,000	100	\$105,400,000	36	\$49,100,000	17	\$73,900,000	25	\$63,500,000	22					\$300,000	
Less—Reserves for Depreciation, Depletion and Amortization	89,400,000	100	34,600,000	39	16,000,000	18	22,900,000	25	15,800,000	18					100,000	
Net	\$202,800,000	100	\$70,800,000	35	\$33,100,000	16	\$51,000,000	25	\$47,700,000	24					\$200,000	
2. Current Assets	\$102,300,000	100	\$5,700,000	6	\$5,200,000	5							\$300,000			
3. Non-Current Security Investments	19,200,000	100			500,000	3	\$98,700,000	49					18,700,000	97		
4. Investments and Advances in Affiliates—Unconsolidated	7,700,000	100														
5. Intangible Assets—Net	1,300,000	100							1,300,000	100						
6. Deferred Charges	4,000,000	100	1,200,000	30	500,000	12			2,300,000	58			3,800,000	49		
7. Other Assets	1,900,000	100	200,000	11	300,000	16			500,000	26			900,000	47		
Totals	\$339,200,200	100	\$77,900,000	23	\$39,600,000	12	\$103,900,000	57			\$3,900,000	1	\$23,700,000	7	\$200,000	
Income for the year 1936:																
Gross Revenue	\$263,900,000	100	\$32,600,000	12	\$26,200,000	10	\$202,900,000	77			\$100,000		\$2,100,000	1		
Ratio to Total Assets	78		42		66		106				3		9			
Net Income before Interest and Dividends	18,200,000		7,900,000		11,800,000		5,700,000				100,000		2,100,000			
Ratio to Total Assets	5		10		30		(1)				3		9			

1 (Handwritten) 1.9%.

NOTE.—For explanation of the methods employed in the preparation of the above analysis attention is directed to the memorandum on Pages #1 and #2 hereof. Italics indicate red figures.

Analyses of consolidated assets and consolidated income classified by branches or departments—Continued

YEAR 1937

	Total		Production		Transportation		Refining and Manufacturing		Marketing		Investments in Unconsolidated Petroleum Affiliates		General Investments		Miscellaneous	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Assets employed or allocated at December 31, 1937:																
1. Properties, Plant and Equipment.....	\$315,000,000	100	\$117,700,000	37	\$50,500,000	16	\$80,000,000	26	\$66,400,000	21					\$400,000	
Less—Reserves for Depreciation, Depletion, and Amortization.....	106,700,000	100	44,300,000	42	18,500,000	17	26,900,000	25	16,900,000	16					100,000	
Net.....	\$208,300,000	100	\$73,400,000	35	\$32,000,000	15	\$53,100,000	26	\$49,500,000	24					\$300,000	
2. Current Assets.....	\$105,100,000	100	\$6,400,000	6	\$7,200,000	7	\$102,600,000		50				\$400,000			
3. Non-Current Security Investments.....	23,900,000	100			4,000,000	17	91,100,000		87				19,900,000	83		
4. Investments and Advances in Affiliates—Unconsolidated.....	5,000,000	100														
5. Intangible Assets—Net.....	1,100,000	100							100							
6. Deferred Charges.....	3,900,000	100	1,100,000	28	600,000	13	2,300,000	59	59							
7. Other Assets.....	1,200,000	100	200,000	17	200,000	17	400,000	33	33				400,000	33		
Totals.....	\$348,500,000	100	\$81,100,000	23	\$43,900,000	13	\$197,500,000		57		\$4,000,000	1	\$21,700,000	6	\$300,000	
Income for the year 1937:																
Gross Revenue.....	\$301,700,000	100	\$40,100,000	13	\$29,000,000	10	\$229,400,000		76				\$3,200,000	1		
Ratio to Total Assets.....					66		116						15			
Net Income before Interest and Dividends.....	22,800,000		10,700,000		13,000,000		4,100,000						3,200,000			
Ratio to Total Assets.....			13		30		(2)						15			

YEAR 1938

Assets employed or allocated at Dec. 31, 1938:												
1. Properties, Plant and Equipment.....	\$324,800,000	100	\$123,700,000	38	\$50,400,000	16	\$80,800,000	25	\$69,500,000	21		\$400,000
Less-Reserves for Depreciation, Depreciation and Amortization.....	124,100,000	100	53,000,000	43	21,000,000	17	31,100,000	25	18,900,000	15		100,000
Net.....	200,700,000	100	70,700,000	35	29,400,000	15	49,700,000	25	50,600,000	25		300,000
2. Current Assets.....	120,700,000	100	15,200,000	13	12,000,000	10	\$100,300,000	50				
3. Non-Current Security Investments.....	22,900,000	100			4,000,000	17	93,300,000	77			200,000	
4. Investments and Advances in Affiliates—Unconsolidated.....	5,100,000	100									18,900,000	83
5. Intangible Assets—Net.....	900,000	100									1,100,000	22
6. Deferred Charges.....	3,200,000	100	1,000,000	31	400,000	13	900,000	100				
7. Other Assets.....	3,600,000	100	100,000	3	200,000	6	2,800,000	80			400,000	11
Totals.....	357,000,000	100	87,000,000	24	46,000,000	13	199,100,000	56			4,000,000	1
Income for the year 1938:												
Gross Revenue.....	263,700,000	100	31,900,000	12	26,000,000	10	203,800,000	77			2,000,000	1
Ratio to Total Assets.....	74		37		57		102				10	
Net Income before Interest and Dividends.....	9,900,000		4,700,000		11,300,000		8,100,000				2,000,000	
Ratio to Total Assets.....	3		5		25		(^c)				10	

^a (Handwritten:) 2.1%.

^b (Handwritten:) 4.1%.

Italics indicate red figures.

CONTINENTAL OIL COMPANY

Analysis of consolidated assets and consolidated income, classified by branches and affiliates

YEAR 1936

	Total	Domestic Petroleum Branches								Investments in Unconsolidated Petroleum Affiliates		General Investments ¹		
		(a) Production ¹		(b) Transportation		(c) Refining and Manufacturing		(d) Marketing		Amount	Per Cent	Amount	Per Cent	
		Amount	Per Cent	Amount	Per Cent	Amount	Per Cent	Amount	Per Cent					
Assets Used or Employed:														
1. Properties, Plant, and Equipment.....		\$28,500,000	100	\$73,700,000	57.35	\$8,500,000	6.61	\$18,900,000	14.71	\$27,400,000	21.33			
Less: Reserves for Depreciation, Depletion, and Amortization.....		83,100,000	100	55,800,000	67.15	5,300,000	6.38	12,100,000	14.56	9,900,000	11.91			
Net.....		\$45,400,000	100	\$17,900,000	39.43	\$3,200,000	7.05	\$6,800,000	14.98	\$17,500,000	38.54			
2. Current Assets.....		36,900,000	100	16,700,000	45.26	400,000	1.08	6,200,000	16.80	13,500,000	36.59	\$100,000	0.27	
3. Non-Current Security Investments.....		8,800,000	100	4,300,000	48.86									\$4,500,000 51.14
4. Investments and Advances in Affiliated Companies—Unconsolidated.....		3,400,000	100									3,400,000 100.00		
5. Intangible Assets.....		1,200,000	100	400,000	33.33			300,000	25.00	500,000	41.67			
6. Deferred Charges.....		900,000	100	400,000	44.44	400,000	44.44			100,000	11.12			
7. Other Assets.....														
8. Totals.....		\$96,600,000	100	\$39,700,000	41.10	\$4,000,000	4.14	\$13,300,000	13.77	\$31,600,000	32.71	\$3,500,000	3.62	\$4,500,000 4.66
Income:														
1. Gross Revenue.....		\$77,600,000	100	\$17,700,000	22.81	\$700,000	.90	\$300,000	.39	\$57,300,000	73.84	\$200,000	.26	\$1,400,000 1.80
Ratio to Total Assets.....%		80.33		44.58		17.50		2.26		181.33		5.71		31.11
2. Net Income.....		9,600,000	100	5,300,000	55.22	800,000	8.33	3,200,000	33.33	1,300,000	15.54	200,000	2.08	1,400,000 14.58
Ratio to Total Assets.....%		9.4		13.35		20.00		24.06		4.11		5.71		31.11

Analysis of consolidated assets and consolidated income classified by branches or departments—Continued

YEAR 1938

	Total	Domestic Petroleum Branches								Investments in Unconsolidated Petroleum Affiliates		General Investments		
		(a) Production		(b) Transportation		(c) Refining and Manufacturing		(d) Marketing						
		Amount	Per Cent	Amount	Per Cent	Amount	Per Cent	Amount	Per Cent	Amount	Per Cent	Amount	Per Cent	
Assets Used or Employed:														
1. Properties, Plant, and Equipment														
Less: Reserves for Depreciation, Depletion, and Amortization														
Net														
2. Current Assets	\$155,900,000	100	\$96,400,000	61.83	\$9,800,000	6.29	\$12,800,000	12.70	\$29,900,000	19.18				
3. Non-Current Security Investments	100,000,000	100	69,500,000	69.50	5,600,000	5.60	13,700,000	13.70	11,200,000	11.20				
4. Investments and Advances in Affiliated Companies—Unconsolidated	\$55,900,000	100	\$28,900,000	48.13	\$4,200,000	7.51	\$6,100,000	10.91	\$18,700,000	33.45				
5. Intangible Assets	54,000,000	100	25,000,000	46.30	1,200,000	2.22	8,100,000	15.00	19,500,000	36.11	\$200,000	.37		
6. Deferred Charges	9,200,000	100	4,700,000	51.09									\$4,500,000	48.91
7. Other Assets	4,100,000	100												
Totals	\$125,100,000	100	\$57,400,000	45.88	\$5,500,000	4.39	\$14,500,000	11.59	\$33,900,000	31.10	\$4,300,000	3.44	\$4,500,000	3.60
Income:														
1. Gross Revenue	\$82,700,000	100	\$22,800,000	27.57	\$800,000	.97	\$400,000	.48	\$56,500,000	68.32	\$400,000	.48	\$1,800,000	2.18
Ratio to Total Assets			66.11		14.51		2.76		145.24		9.30		40.00	
2. Net Income before Interest and Dividends	5,200,000	100	4,000,000	76.92	1,100,000	21.15	400,000	7.69	\$2,600,000	48.07	400,000	7.69	1,800,000	34.62
Ratio to Total Assets			4.17		20.00		2.76		6.43		9.30		40.00	

NOTE.—In the preparation of this statement general asset, expense, and income items were allocated to the different branches on the basis of Net Fixed Assets. Italics indicate red figures.

GULF OIL CORPORATION

Analysis of consolidated assets and consolidated income, classified by branches or departments
YEAR 1936

CONCENTRATION OF ECONOMIC POWER

10135

	Total		Domestic petroleum branches								Foreign petroleum branches		Investment in unconsolidated petroleum affiliates		General investment		Miscellaneous	
			Production		Transportation		Refining and manufacturing		Marketing									
	Amount	Percent	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
Assets Used or Employed:																		
1. Properties, Plant and Equipment.....	\$662,587,952	100	\$250,692,583	38	\$126,003,733	19	\$132,995,500	20	\$129,918,590	20	\$8,970,692	1					\$14,006,854	2
Less: Reserves for Depreciation, Depletion, and Amortization.....	354,075,307	100	157,263,339	44	68,637,207	19	68,594,801	19	52,940,731	15	4,778,297	2					1,860,932	1
Net.....	\$308,512,645	100	\$93,129,244	30	\$57,366,525	19	\$64,400,699	21	\$76,977,859	25	\$4,192,395	1					\$12,145,922	4
2. Current Assets:																		
Cash, Receivables and Inventories.....	\$107,206,118	100	\$25,982,256	24	\$959,905	1	\$23,157,454	22	\$32,445,532	30	\$9,870,444	9					\$14,790,527	14
Marketable Securities.....	8,763,712	100															\$8,763,712	100
	\$115,969,830	100	\$25,982,256	22	\$959,905	1	\$23,157,454	20	\$32,445,532	28	\$9,870,444	9					\$14,790,527	12
	\$2,143,666	100															\$2,143,666	100
3. General Investments.....																		
4. Investments and Advances in Affiliated Companies, Unconsolidated.....	6,702,318	100															\$1,215,272	24
5. Intangible Assets—Net.....	5,133,901	100	\$161,723	3			\$1,113,906	22	\$1,608,687	31	\$1,034,313	20					564,573	17
6. Prepared and Deferred Charges.....	3,393,211	100	1,540,032	45	\$90,333	2	147,576	4	943,887	29	106,210	3						
	\$441,855,571	100	\$121,113,855	27	\$53,416,764	13	\$88,819,635	20	\$111,975,965	25	\$15,203,362	3	\$6,702,318	2	\$10,907,378	3	\$28,716,294	

¹ Includes properties of domestic companies engaged in foreign operations (net value, \$18,130,468).

² There is included in the Intangible Assets of the Marketing Department an amount of \$1,579,327 representing cost of marketing properties in excess of operating values ascribed thereto.

[illegible]

- ‡ Includes outside dividend and interest income.
- § Does not include non-recurring profit on sale of South American Gulf Oil Company of \$12,824,233.
- ¶ Includes domestic companies engaged in foreign operations—profit \$3,024,183.
- Includes outside dividend and interest income.
- Includes properties of domestic companies engaged in foreign operations (net value, \$867,848).
- There is included in the Intangible Assets of the Marketing Department an amount of \$1,610,270 representing cost of marketing properties in excess of operating values ascribed thereto.
- Includes domestic companies engaged in foreign operations, profit \$235,798.
- After deducting U. S. Federal income tax.
- Illegible on original.

Analysis of consolidated assets and consolidated income, classified by branches or departments—Continued

YEAR 1938

	Total		Domestic petroleum branches								Foreign petroleum branches		Investment in unconsolidated petroleum affiliates		General investment		Miscellaneous	
			Production		Transportation		Refining and manufacturing		Marketing									
	Amount	Percent	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
Assets used or employed:																		
1. Properties, Plant and Equipment	\$729,599,329	100	\$257,385,106	35	\$131,280,727	18	\$143,001,911	20	\$138,805,582	19	\$44,477,080	6					\$14,608,923	2
Less: Reserves for Depreciation, Depletion, and Amortization	384,518,237	100	156,906,076	41	76,839,498	20	77,286,918	20	50,756,065	13	19,894,033	5					2,835,647	1
Net	\$345,081,092	100	\$100,479,030	29	\$54,421,229	16	\$65,714,993	19	\$88,049,517	26	\$24,583,047	7					\$11,833,276	3
2. Current Assets:																		
Cash, Receivables and Inventories	\$151,644,932	100	\$18,673,687	12	\$784,694	1	\$27,217,289	18	\$38,744,510	26	\$60,780,242	40					\$5,444,510	3
Marketable Securities	8,846,205	100											\$8,846,205	100				
	\$160,491,137	100	\$18,673,687	12	\$784,694	1	\$27,217,289	17	\$38,744,510	24	\$60,780,242	38					\$5,444,510	3
3. General Investments	\$24,053,532	100											\$2,909,444	12				
4. Investments and Advances In Affiliated Companies—Unconsolidated	\$7,008,543	100											\$7,008,543	100				
5. Intangible Assets—Net	5,387,904	100	136,129	3			1,335,057	25	1,511,041	28	1,374,955	25					1,030,722	19
6. Prepaid and Deferred Charges	4,848,388	100	1,879,787	39	167,077	3	300,801	6	599,190	13	1,564,825	32					336,708	7
	\$546,870,596	100	\$121,168,633	22	\$55,373,000	10	\$94,568,140	17	\$128,904,258	24	\$109,447,157	20	\$87,008,543	1	\$11,755,649	2	\$18,645,216	4
Income:																		
1-a. Gross revenue, including outside dividend and interest income, but before eliminating interdepartmental sales	\$594,994,487	100	\$163,910,501	28	\$33,897,295	6	\$133,000,358	22	\$209,626,323	35	\$48,108,411	7	\$72,279	0	\$2,756,882	1	\$3,622,498	1

Ratio to Total Assets %	108	135	61	141	163	44	1	23	19
1-b. Gross Revenue—Out- side, including divi- dend and interest in- come.....	\$238,287,669	\$21,676,170	8	\$1,250,869	1	\$203,116,427	75	\$39,927,880	15
Ratio to Total Assets %	49	18	2	0	158	36	1	23	3
2. Net Income Before Inter- est and Dividends.....	\$15,905,486	\$5,866,318	37	\$12,557,590	79	\$12,398,780	78	\$7,751,244	49
Ratio to Total Assets.....	3	5	23	18	5	7	1	23	40

⁹ After deducting U. S. Federal income taxes.

¹⁰ Includes properties of domestic companies engaged in foreign operations (net value—\$1,092,752).

¹¹ There is included in the Intangible Assets of the Marketing Department an amount of \$1,481,681 representing cost of marketing properties in excess of operating values ascribed thereto, and which was included in the net plant investment of \$89,531,198 shown in the answer to Question 11-k-1—Questionnaire for Oil Companies.

¹² Includes domestic companies engaged in foreign operations—loss \$385,268 (see answer to Question 11-k-2).

¹³ Differs from answer to Question 11-k-1 by \$18,857, representing interest income on general investments shown separately in this statement.

THE OHIO OIL COMPANY

Analysis of consolidated assets and consolidated income classified by branches or departments

YEAR 1936

[Amounts reported in units of one hundred thousand dollars]

	Total		(1) Domestic Petroleum Branches 1 2								(2) Foreign Petroleum Branches 1 3		(3) Investments in Unconsoli- dated Petro- leum Affiliates		(4) General In- vestments		(5) Miscellaneous			
			(a) Production				(b) Transporta- tion		(c) Refining and Manufac- turing										(d) Marketing	
			Amount	Per Cent	Amount	% of Total	Amount	% of Total	Amount	% of Total									Amount	% of Total
	Assets Used or Employed:	Amount		Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total					
1. Properties, Plant and Equipment.....	\$2,529	100	\$1,936	76.55	\$387	15.30	\$51	2.02	\$88	3.48			\$55	2.17	\$12	0.48				
Less: Reserves for De- preciation, Depletion and Amortization....	1,589	100	1,239	77.97	248	15.61	36	2.26	34	2.14			26	1.64	6	.38				
Net.....	940	100	697	74.15	139	14.79	15	1.60	54	5.74			29	3.08	6	.64				
2. Current Assets.....	365	100	238	65.20	25	6.85	27	7.40	42	11.51			32	8.77	1	.27				
3. Non-current Security In- vestments.....	18	100	4	22.22					4	22.22			7	38.89	3	16.67				
4. Investments and Ad- vances in Affiliated Companies — Uncon- solidated.....	56	100											51	91.07						
5. Intangible Assets.....	100	100																		
6. Deferred Charges.....	6	100	6	100.00																
7. Other Assets.....		100																		
8. Totals.....	1,385	100	945	68.23	164	11.84	42	3.04	100	7.22			119	8.59	10	.72				
Income:																				
1. Gross Revenue.....	539	100	275	51.02	70	12.99	68	12.62	109	20.22			13	2.41	4	.74				
Ratio to Total Assets %.....	38.92		29.10		42.68		161.90		109.00				10.92		40.00					
2. Net Income Before In- terest and Dividends.....	83	100	50	60.24	28	33.73	12	14.46	9	10.84			2	2.41						
Ratio to Total Assets %.....	5.99		5.29		17.07		28.57		9.00				1.68							

Analysis of consolidated assets and consolidated income classified by branches or departments—Continued

YEAR 1938

	Total		(1) Domestic Petroleum Branches						(2) Foreign Petroleum Branches		(3) Investments in Unconsoli- dated Petro- leum Affiliates		(4) General In- vestments		(5) Miscellaneous			
			(a) Production		(b) Transporta- tion		(c) Refining and Manufac- turing										(d) Marketing	
			Amount	% of Total	Amount	% of Total	Amount	% of Total									Amount	% of Total
Assets Used or Employed:	Amount	Per Cent																
1. Properties, Plant and Equipment.....	\$2,670	100	\$2,051	76.82	\$388	14.53	\$57	2.13	\$102	3.82			\$59	2.21	\$13	0.49		
Lease Reserves for De- pletion, Depletion and Amortization.....	1,707	100	1,320	77.33	263	15.41	40	2.34	44	2.58			32	1.87	8	.47		
Net.....	963	100	731	75.91	125	12.98	17	1.77	58	6.02			27	2.80	5	.52		
2. Current Assets.....	343	100	225	65.60	24	7.00	25	7.29	49	14.28			19	5.54	1	.29		
3. Non-current Security In- vestments and Ad- vances in Affiliated Companies—Uncon- solidated.....	19	100	7	36.84					2	10.53			8	42.10	2	10.53		
4. Intangible Assets.....	53	100																
5. Deferred Charges.....	9	100	9	100.00														
6. Other Assets.....		100																
7. Totals.....	1,387	100	972	70.08	149	10.74	42	3.03	109	7.86		\$7 13.21	46	86.79				
Income:																		
1. Gross Revenue.....	550	100	278	50.55	72	13.09	67	12.18	116	21.09								
Ratio to Total Assets	39.65		28.60		48.32		159.52		106.42									
2. Net Income Before In- terest and Dividends.....	56	100	32	57.14	34	60.72	2	3.57	10	17.86		14.29			25.00			
Ratio to Total Assets	4.04		3.29		22.82		4.76		9.17				2.00					

Italics indicate red figures.

PHILLIPS PETROLEUM COMPANY

Analysis of consolidated assets and consolidated income classified by branches or departments

-YEAR 1936¹

	Total		(1) Domestic petroleum branches								(3) Investment in other companies petroleum industry (not consolidated)		(4) General investments	
			(a) Production		(b) Transportation		(c) Refinery and manufacturing		(d) Marketing					
Amount	Per Cent	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	
Assets Used or Employed: 1														
1. Capital Assets:														
Properties, Plant and Equipment.....	\$295,000,000	100	\$225,000,000	76.27	\$25,100,000	8.51	\$17,000,000	5.76	\$27,900,000	9.46				
Less: Reserve for Depreciation and Depletion.....	150,000,000	100	127,400,000	84.94	7,200,000	4.80	7,100,000	4.73	8,300,000	5.53				
Net.....	145,000,000	100	97,600,000	67.31	17,900,000	12.34	9,900,000	6.83	19,600,000	13.52				
Intangible Assets.....	1,900,000	100	800,000	42.10	200,000	10.53	500,000	26.32	400,000	21.05				
Less: Reserve for Depreciation.....	100,000	100	100,000	100.00										
Net.....	1,800,000	100	700,000	38.89	200,000	11.11	500,000	27.78	400,000	22.22				
Net Capital Assets.....	146,800,000	100	98,300,000	66.96	18,100,000	12.33	10,400,000	7.09	20,000,000	13.62				
2. Current Assets.....	36,600,000	100	18,300,000	50.00	1,900,000	5.19	7,000,000	19.13	9,400,000	25.68				
3. Notes, Accounts Receivable and Contract Advances Due After One Year.....	300,000	100	100,000	33.33					200,000	66.67				
4. Investment in Other Companies.....	2,500,000	100	900,000	69.23	100,000	7.69	100,000	7.69	200,000	15.39				
5. Prepaid and Deferred Charges.....	1,300,000	100												
8. Totals.....	187,500,000	100	117,600,000	62.72	20,100,000	10.72	17,500,000	9.34	29,800,000	15.89	\$1,900,000	76.00	\$600,000	24.00
													\$1,900,000	1.01
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¹ Columns (2) and (5) are not applicable and are omitted.² Segregation of assets is made on a direct basis wherever possible, and the remainder prorated on the basis of the direct allocations.

2. Current Assets:	45,900,000	100	25,900,000	58.43	1,600,000	3.49	8,600,000	19.17	9,500,000	20.70	100,000	.21
3. Notes, Accounts Receivable and Contract Advances due after one year	3,300,000	100	3,000,000	90.91					300,000	9.09		
4. Investment in Other Companies	3,000,000	100										
6. Prepaid and Deferred Charges	1,600,000	100	1,000,000	62.50	200,000	12.50	200,000	12.50	200,000	12.50	2,400,000	80.00
8. Totals	212,500,000	100	137,600,000	64.75	21,000,000	9.88	20,500,000	9.65	30,300,000	14.26	2,500,000	1.18
Income:												
1. Gross Revenue	\$234,600,000	100	\$110,300,000	47.23	\$11,000,000	4.69	\$37,600,000	16.03	\$73,600,000	31.37	\$800,000	.34
Less: Departmental Transfers	114,400,000											
Per Published Statements												
Ratio to Total Assets, Per Cent:	110,200,000	56.56		80.52		52.38	183.41	242.90		32.00		133.33
2. Net Income Before Interest Charges	24,700,000	100	16,100,000	65.18	4,900,000	19.84	1,100,000	4.45	1,000,000	4.05	800,000	3.24
Ratio to Total Assets, Per Cent:		11.62		11.70		23.33	5.37	3.30		32.00		133.33

YEAR 1938 I

[illegible]

Columns (2) and (5) are not applicable and are omitted.

Columns (2) and (3) are not applicable and are omitted.

* Segregation of assets made on a direct basis wherever possible, and the remainder prorated on the basis of indirect allocations.

This ratio is the total column is computed on gross revenue after deduction of eliminations.

Analysis of consolidated assets and consolidated income classified by branches or departments—Continued

YEAR 1938—Continued

	Total		(1) Domestic petroleum branches								(3) Investment in other companies petroleum indus- try (not consoli- dated)		(4) General in- vestments	
			(a) Production		(b) Transportation		(c) Refinery and manufacturing		(d) Marketing					
			Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total				
Assets Used or Employed—Continued.														
6. Prepaid and Deferred Charges.														
8. Totals														
Income: ¹														
1. Gross Revenue.														
Less: Departmental Transfers														
Per Published Statement														
Ratio to Total Assets, Per Cent														
2. Net Income Before Interest Charges														
Ratio to Total Assets, Per Cent.														

³ Segregation of income to the foregoing departments results from transferring products at values based generally on market, direct allocation of costs and expenses where practical, and proration of indirect expenses. Departmental income, gross and net, is reported before elimination of intercompany and inter-departmental transactions. Eliminations are shown in the total column to reflect the tie-in to the annual report, but omitted from departmental columns as their inclusion would impair comparisons.

⁴ This ratio in the total column is computed on gross revenue after deduction of eliminations.

PURE OIL COMPANY
FOR THE YEAR ENDED DECEMBER 31, 1936
[000 omitted]

	Domestic Petroleum Branches								Investments in unconsolidated petroleum affiliates		General Investments		Miscellaneous		Total		Elimination of intercompany accounts, etc.	Consolidated
	(1)				(2)				(3)		(4)							
	(a) Production	(b) Transportation	(c) Refining and manufacturing	(d) Marketing	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	Per cent		
Assets used or employed:																		
1 Properties, Plant and Equipment	\$107,885	57.41	\$15,878	8.45	\$25,633	13.64	\$36,137	19.23					\$2,378	1.27	\$187,911	100.00		\$187,911
Less: Reserves for Depreciation, Depletion and Amortization	56,949	61.77	6,579	7.14	13,042	14.15	14,571	15.80					1,052	1.14	92,193	100.00		92,193
Net	\$50,936	53.21	\$9,299	9.72	\$12,591	13.15	\$21,666	22.53					\$1,326	1.39	\$95,718	100.00		\$95,718
2 Current Assets	2,725	6.06	850	1.89	9,448	21.02	14,954	33.27					16,969	37.76	44,946	100.00		36,031
3 Investments and Advances in Subsidiaries—Not Consolidated									\$4,612	100.00					4,612	100.00		4,612
4 Investments in Associated Companies									3,252	100.00					3,252	100.00		3,252
5 Other Security Investments											\$248	100.00			248	100.00		248
6 Investments in Subsidiaries Consolidated	151	2.34					180	2.79					6,121	94.87	6,452	100.00		6,452
7 Deferred Receivables, Etc.	8	.88			40	4.24	586	62.14					309	32.77	943	100.00		900
8 Long-Term Notes and Accounts Due From Subsidiaries Consolidated							24	2.35					906	88.56	1,023	100.00		1,023
9 Contracts, Rights, Patents, Trademarks, Etc.							173	.88					19,523	99.12	19,696	100.00		19,696
10 Prepaid and Deferred Charges	54	3.04	116	6.52	73	4.10	375	21.08					1,161	65.26	1,779	100.00		1,772
11 Total	\$53,874	30.15	\$10,358	5.80	\$22,152	12.40	\$37,858	21.19	\$7,864	4.40	\$248	.14	\$46,315	25.92	\$175,669	100.00	\$15,840	\$162,829

PURE OIL COMPANY—Continued
FOR THE YEAR ENDED DECEMBER 31, 1936
[000 omitted]

	Domestic Petroleum Branches								Investments in unconsolidated petroleum affiliates	General Investments		Miscellaneous		Total		Elimination of intercompany accounts, etc.	Consolidated
	(1)				(2)					(3)		(4)		Amount	Per cent		
	(a) Production	(b) Transportation	(c) Refining and manufacturing	(d) Marketing	Amount	% of total	Amount	% of total		Amount	% of total	Amount	% of total				
Income:	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	
1 Gross Revenue:																	
(a) Gross Operating Income:																	
From Others:	\$5,472	5.16	\$1,842	1.74	\$12,905	12.16	\$72,640	68.45					\$13,255	12.49	\$106,114	100.00	\$106,114
Intercompany:	60	.24	6,308	25.58	261	1.06	17,482	70.89					551	2.23	24,662	100.00	24,662
Interdepartmental:	20,205	15.15	1,361	1.03	65,030	48.81	1,000	.75					45,681	34.26	133,327	100.00	133,327
Total:	\$25,737	9.75	\$9,511	3.60	\$78,246	29.63	\$91,122	34.50					\$59,487	22.52	\$284,103	100.00	\$157,989
(b) Nonoperating Income:	125	2.40	75	1.44	14	.06	177	3.40					3,402	65.41	5,201	100.00	3,424
Total Gross Revenue:	\$25,862	9.61	\$9,436	3.50	\$78,232	29.06	\$91,299	33.90					\$62,859	23.35	\$289,304	100.00	\$161,413
Ratio to Total Assets %:	48.00		91.10		353.16		241.16						135.79		150.73		66.26
2 Net Income Before Interest and Dividends:	\$13,865	102.27	\$3,527	26.02	\$9,477	69.90	\$1,559	11.50					\$1,574	11.61	\$13,557	100.00	\$4,184
Ratio to Total Assets %:	25.74		34.05				4.12						6.39		7.59		6.76

FOR THE YEAR ENDED DECEMBER 31, 1937

Assets used or employed:																				
1 Properties, Plant, and Equipment:	\$114,119	57.61	\$16,565	8.36	\$26,504	13.38	\$37,987	19.18												
Less: Reserves for Depreciation, Depletion and Amortization:	58,509	64.17	7,067	7.75	9,294	10.19	15,249	16.73												
Net:	\$55,610	52.02	\$9,498	8.88	\$17,210	16.10	\$22,738	21.27	\$											
2 Current Assets:	3,047	6.04	867	1.72	12,392	24.56	15,610	30.94												
3 Investments and Advances in Subsidiaries—Not Consolidated:																				
4 Investments in Associated Companies:									4,798	100.00										
									4,404	100.00										

[illegible]

FOR THE YEAR ENDED DECEMBER 31, 1938

[illegible]

Italics indicate red figures.

PURE OIL COMPANY—Continued

FOR THE YEAR ENDED DECEMBER 31, 1936

[000 omitted]

	Domestic Petroleum Branches								Investments in unconsolidated petroleum affiliates		General Investments		Miscellaneous		Total		Elimination of intercompany accounts, etc.	Consolidated
	(1)				(2)													
	(a) Production		(b) Transportation		(c) Refining and manufacturing		(d) Marketing		Amount		% of total		Amount		% of total			
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total				
Assets used or employed—Con-																		
8 Long-Term Notes and Accounts Due From Subsidiaries Consolidated	51	54.1	95	10.09	52	5.52	170	86	447	47.45								
9 Contracts, Rights, Patents, Trademarks, Etc.																		
10 Prepaid and Deferred Charges																		
11 Total	\$83,275	32.06	\$9,924	5.03	\$28,710	14.55	\$39,424	19.98	\$10,182	5.16	\$210	.11	\$45,608	23.11	\$197,333	100.00	\$16,971	\$180,362
Income:																		
1 Gross Revenue:																		
(a) Gross Operating Income:																		
From Others	\$4,290	4.07	\$3,300	3.15	\$9,051	8.65	\$59,582	66.43										\$104,742
Intercompany	41	.19	4,655	22.04	198	.94	16,162	76.52										\$21,122
Interdepartmental	20,610	19.93	1,118	1.08	43,510	42.07	563	.54										103,433
Total	\$24,911	10.86	\$9,073	3.96	\$52,769	23.01	\$86,307	37.64										\$124,555
(b) Nonoperating Income	70	1.68	1	.02			67	1.61	\$1,593	38.15	\$6	.14	2,439	58.40	4,176	100.00	2,158	2,018
Total Gross Revenue	\$24,931	10.70	\$9,074	3.89	\$52,769	22.60	\$86,374	37.00	\$1,593	.68	\$6	.07	\$58,676	25.13	\$233,473	100.00	\$126,713	\$106,760
Ratio to Total Assets %	39.48		91.43		183.80		219.09		15.65		2.86		128.65		118.31		59.19	
2 Net Income Before Interest and Dividends	\$10,913	130.01	\$2,174	25.90	\$7,227	86.10	\$281	3.35	\$1,593	18.98	\$6	.07	\$1,216	14.49	\$8,394	100.00	\$2,716	\$5,679
Ratio to Total Assets %	17.25		21.91						15.65		2.86		2.67		4.25		3.15	

NOTES: (A) The departmental figures shown herein are used by the Company for internal statistical purposes only and in no sense do they represent comparable results if the departments are considered as independent operations. Transfer of products between departments is made at arbitrary prices and it is impossible to completely segregate all costs and income applicable to each department. (B) The investment of the reporting company in a non-consolidated foreign subsidiary is included under the caption "Investments in Unconsolidated Petroleum Affiliates".

SHELL UNION OIL CORPORATION

50 West 50th Street

NEW YORK, September 1, 1939.

Mr. JAMES R. BRACKETT,

*Executive Secretary, Temporary National Economic Committee,
Apex Building, Washington, D.C.*

DEAR SIR: We have your letter of August 14th requesting additional information in connection with items 11-k (1) and 11-k (2) of your original "Questionnaire for Oil Companies".

We have again gone quite thoroughly into this matter of segregating assets as well as income on a departmental basis and we attach information which we have compiled from our own records and those of our subsidiary companies.

In connection with the attached analysis of assets, we should like to point out that we have had to resort to approximations and estimates in making some of these allocations of intangible assets, cash and the like. The attached segregation of assets, therefore, is not as carried in our own books of account and has been especially prepared in an endeavor to meet your particular request.

In connection with the request for segregation of gross revenue and net income, we must again refer you to our previous letter dated May 27, 1939. Our companies operate on the basis of a single unit and we do not know of any satisfactory basis of theoretically calculating the net income for various divisions or departments.

Yours very truly,

S. W. DUBIG,
Vice President and Treasurer

SWD-S
Encl.

SHELL UNION OIL CORPORATION AND SUBSIDIARY COMPANIES

Analysis of consolidated assets classified by branches or departments

DECEMBER 31, 1936

[000's omitted]

	Total		Domestic petroleum branches										Foreign petroleum branches		Investments in unconsolidated petroleum affiliates		General investments		Miscellaneous	
	Amount	% of total	Production		Transportation		Refining and manu- facturing		Marketing		Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
			Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total										
Assets Used or Employed:																				
1. Properties, plant and equipment	\$595,360	100	\$300,786	51	\$79,790	13	\$104,982	18	\$102,092	17									\$7,710	1
Less: Reserves for depreciation, depletion and amortization	332,922	100	221,347	66	28,672	9	50,256	15	31,312	10									1,305	
Net	262,438	100	79,439	30	51,118	19	54,726	21	70,780	27									6,405	3
2. Current assets	84,072	100	8,722	10	1,059	1	18,312	22	33,743	41									4,261	5
3. Non-current security investments	3,661	100	1,914	52					55	1									1,722	47
4. Investments and advances in affiliated companies—unconsolidated	9,360	100																		
5. Intangible assets	8,390	100	2,231	27	105	1	596	7	1,756	21									3,702	44
6. Deferred charges	2,645	100	2				2		1,797	68									12	
7. Other assets																				
8. Totals	\$370,596	100	\$92,303	25	\$52,292	14	\$73,636	20	\$108,106	28					\$9,360	3	\$19,704	5	\$15,200	4

DECEMBER 31, 1937

Assets Used or Employed:												
1. Properties, plant and equipment.												
Less: Reserves for depreciation, depletion and amortization												
	100	\$315,978	50	\$85,772	14	\$110,276	18	\$105,777	17			1
	100	224,478	66	30,606	9	56,295	16	33,291	9			1,491
Net.....	269,951	31,800	30	55,166	20	53,981	20	72,486	27			6,518
2. Current assets.....	85,948	13,317	15	1,107	1	25,028	29	37,770	45		\$204	8,522
3. Non-current security investments.....	1,815	28	2					53	3		1,734	95
4. Investments and advances in affiliated companies—unconsolidated.....	9,656							\$9,656	100			
5. Intangible assets.....	7,321							1,561	22			2,591
6. Deferred charges.....	2,618	2,289	31	83	1	792	11	1,930	74		38	647
7. Other assets.....		1				2					1	
8. Totals.....	\$377,309	\$97,435	26	\$56,361	15	\$79,803	21	\$113,800	30			\$18,278
								\$9,656	3			

DECEMBER 31, 1938

[illegible]

SKELLY OIL COMPANY AND SUBSIDIARIES (CONSOLIDATED)
Analysis of consolidated assets and consolidated income

YEAR 1936

U. S. Congress temporary national economic committee's questionnaire for oil companies—I. Items 11. k (1) and 11. k (2)]

[Thousands of dollars]

	Combined				Domestic petroleum branches								Foreign petroleum branches				Investments in unconsolidated petroleum affiliates		Investments		Miscellaneous	
	Production		Refining and manufacturing		Marketing		Foreign petroleum branches		Investments in unconsolidated petroleum affiliates		Investments		Miscellaneous									
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%						
Assets used or employed:																						
1. Properties, plant and equipment.....	\$101,355	100	\$70,712	70	\$2,516	2	\$16,045	16	\$10,433	10							\$1,647	2				
Less: Reserve for depletion and depreciation.....	63,340	100	43,991	69	1,587	3	12,141	19	4,925	8							695	1				
Net.....	38,015	100	26,721	70	929	3	3,904	10	5,509	14							952	3				
2. Current assets.....	9,873	100	2,188	22	1,192	12	3,578	36	2,355	27							229	2				
3. Non-current security investments.....	2,118	100															\$31	1				
4. Investments and advances—Affiliated companies—Unconsolidated.....	None																2,118	100				
5. Intangible assets.....	None																					
6. Deferred charges.....	682	100	66	10					52	8												
7. Other assets.....	335	100	38	11					430	80												
8. Totals.....	\$51,223	100	\$29,033	57	\$2,121	4	\$7,482	15	\$8,646	17	None		None		None		\$2,149	4	\$1,792	3		
Income:																						
1. Gross revenue.....	\$36,863	100	\$8,478	23	\$2,194	6	\$10,463	28	\$14,614	40	None		None		None		\$684	2	\$430	1		
Ratio to total assets.....	72		29		103		140		169				32		32		32		24			
2. Net income, before interest and dividends.....	\$5,331	100	\$2,414	45	\$634	12	\$1,551	29	\$264	5	None		None		None		\$676	13	\$208	4		
Ratio to total assets.....	10		8		30		21		3				12		31		31		12			

YEAR 1937

[illegible]

[illegible]

YEAR 1938

[illegible]

NOTE.—(1) In original answer reporting company included operation of natural gasoline plants with oil production as requested in original question 11. k (1). In this answer natural gasoline plant operations are included in manufacturing as oil production was defined as "Production of oil and its delivery to the pipe lines;" (2) assets are applied to branches on their normal use except cash which is apportioned to branches on the combined factors of gross income, cost and capital additions; (3) included in general investments is investment of \$2,955,400.00 in Great Lakes Pipe Line Company (a common carrier) which is not a subsidiary of and not controlled by the reporting company. Through the facilities of this company the reporting company ships gasoline to various points in its marketing territory. See original answer to item 11, sheet 9.

SEPTEMBER 5, 1939.

GEORGE V. HOLTON
General Counsel

STAFFORD SMITH

AUSTIN T. FOSTER

CARL E. KIESER

LOUIS MEAD TREADWELL

Counsel

HOWARD M. PARK

WILLIAM W. LANDIS

JOHN JEROME MANNING

RICHARD H. LOWE

Attorneys

SOCONY-VACUUM OIL COMPANY, INCORPORATED

26 Broadway

NEW YORK

SEPTEMBER 1, 1939

Re: TNEC OIL QUESTIONNAIRE

Honorable JAMES R. BRACKETT,

Executive Secretary, Temporary National Economic Committee,

Apex Building, Washington, D. C.

DEAR SIR: This is in reply to your letter of August 14th in which you ask for an analysis, supplemental to items 11-k (1) and 11-k (2), of our assets and income classified by branches or departments for each of the years 1936, 1937 and 1938.

For the reasons indicated in our original answer to question 11, to which we refer you, we have not found any satisfactory formula which will give us a sound and correct analysis of the kind you seek. To make any such breakdown it will be necessary to use many arbitrary formulae. Arbitrary departmental allocations will not reflect the true relationship of our departments and functions. Our business is so completely integrated that it is not logical to consider it as broken up into separate parts.

No profits are realized until the product is finally disposed of; and the price which is then obtained establishes the profit for all activities. An intermediate department, such as refining, cannot be said to make a profit by making goods and then transferring the inventory to another department at an arbitrary figure.

Throughout the entire study made by your Committee we have cooperated fully despite the burden and expense involved, and it is in this same spirit that we are now submitting to you a partial analysis showing those assets which with some degree of soundness may be specifically assigned to the departments or functions indicated in your letter. The qualification "some degree of soundness" has been used because, even in the case of such items as fixed assets, which at first blush would seem to be easily assignable to a given function, we find numerous instances where plant is being used for two or more functions. To illustrate, a tank at a refinery may be used part of the time for refining purposes and at other times for marketing storage. We even have cases where certain substantial items of equipment are used for as many as three functions.

We cannot, however, make any allocation or assignment of the general investment. For your information, the assets shown in the column "General Investments" consist of the following:

Properties, Plant and Equipment (Less Reserve). This represents land, buildings and equipment used by all the departments of the Company.

Current Assets. Consist chiefly of general cash funds and marketable securities.

Non-Current Securities. Consist chiefly of investment in and advances to companies operating in foreign countries.

Deferred Charges. Consist of items of a general nature, which are properly chargeable against future operations, such as discount and expense on funded debt, etc.

Very truly yours,

CEK:ES
Encl.

(Written in ink:) CARL E. KIESER.
Carl E. Kieser.

SOCONY-VACUUM OIL COMPANY, INCORPORATED

Analysis of consolidated assets and consolidated income classified by branches or departments

[Hundreds Omitted]

DECEMBER 31, 1936

	Total	Domestic Petroleum Branches ¹ :								Foreign Petroleum Branches ² :		Investments in Unconsolidated Petroleum Affiliates		General Investments	
		Production		Transportation		Refining and Manufacturing		Marketing		Amount	% of Total	Amount	% of Total	Amount	% of Total
		Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total						
Assets Used or Employed:															
1. Properties, Plant and Equipment--	100	912,901	31.91	165,200	18.10	146,967	16.10	198,669	21.76	83,277	9.12			27,449	3.01
Less Reserves for Depreciation, Depletion and Amortization....	100	488,640	39.58	100,994	20.67	81,326	16.64	67,847	13.88	37,265	7.63			7,806	1.60
Net.....		424,261													
2. Current Assets.....	100	97,937	23.08	64,206	15.13	65,641	15.47	130,822	30.84	46,012	10.85			19,643	4.63
3. Non-current Security Investments.	100	41,023	17.38	2,482	1.05	26,591	11.27	65,638	27.81	60,210	25.51			40,061	16.98
4. Investments and Advances in Affiliated Companies — Unconsolidated.....	100							1,363	1.02	4,330	3.24			127,829	95.74
5. Intangible Assets.....	100	36	11.11			3	8.33			1	2.78			28	77.78
6. Deferred Charges.....	100	7,860	982	76	.96	460	5.83	1,022	12.95	1,194	15.13			4,156	52.68
7. Other Assets.....	100														
8. Totals.....	100	801,714	139,946	66,764	8.33	92,695	11.56	198,845	24.80	111,747	13.94			191,717	23.91
Income:															
1. Gross Revenue.....	100														
2. Ratio to Total Assets.....															
2. Net Income Before Interest and Dividends.....	100														
Ratio to Total Assets.....															

¹ In referring to domestic and foreign petroleum "branches," the term "branches" means "companies." A domestic company is one that is incorporated in the United States even though some of its operations are foreign operations. A foreign company is one that is not incorporated in the United States even though some of its operations are domestic operations

² Includes parent company and all domestic subsidiaries engaged in the petroleum industry.

³ Includes all foreign subsidiaries engaged in the petroleum industry.

C. T. BERGENSON,
Comptroller
O. M. PERRENOT,
H. L. BOYLE,
Assistant Comptrollers

STANDARD OIL COMPANY (INDIANA)
910 South Michigan Avenue

CHICAGO, ILL., September 1, 1939.

File: CTB
Subject

Mr. JAMES R. BRACKETT
*Executive Secretary, Temporary National Economic Committee,
Apex Building, Washington, D. C.*

DEAR SIR: Under date of August 14th you requested additional information with respect to "Questionnaire for Oil Companies." The request deals with an analysis of assets and income, on a consolidated basis, of this Company and its subsidiaries for the years 1936 to 1938, inclusive. As the preparation of this information is entirely an accounting matter, the writer has been authorized to reply on behalf of our Company, and attached hereto you will find statements as requested.

As will be observed the break-down of the assets and income by branches or departments of the industry is subject to adjustments, such adjustments for each year being reflected in a separate column captioned "Consolidated Adjustments and Eliminations". This accounting technique or procedure is absolutely necessary to conform to correct total income as reported to the S. E. C. and in our published statements. It is appropriate to explain the nature of the eliminations and the necessity for same.

Inasmuch as it is necessary to determine the gross revenue and net income by branches or departments, cost, transfer price or assigned value for book purposes to respective branches or departments must be used in determining cost of sales. The large consolidating adjustments and eliminations therefor cover elimination of inter-company and inter-departmental profits in inventories and inter-company and inter-departmental sales or transfers in order to arrive at the correct consolidated gross revenue and net income. Likewise, under the assets it is necessary to eliminate all inter-company receivables, etc.

Furthermore, there are always variable conditions in any period of several years such as a change in tariffs covering pipe line transportation. Several changes occurred during the period 1936 to 1938 and obviously comparisons are distorted to the extent of the result of the change. Likewise, a crude oil price reduction will have a material effect on the revenue and earnings of the producing branch, and differences in billing prices between departments occur for varying reasons mainly due to competitive conditions.

We feel, therefore, that no accurate conclusions can be made but have furnished the information as nearly as possible in accordance with your request.

Yours very truly,

C. T. BERGENSON.

STANDARD OIL COMPANY (INDIANA)
(Temporary National Economic Committee questionnaire for oil companies)

Analysis of consolidated assets and consolidated income by branches or departments

YEAR 1936

	Total after eliminations		Consolidating adjustments and eliminations		(1)								(2)		(3)		(4)		(5)	
					Domestic petroleum branches								Foreign petroleum branches		Investments in unconsolidated petroleum affiliates		General investments		Miscellaneous	
					(a) Production		(b) Transportation		(c) Refining & manufacturing		(d) Marketing									
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Assets Used or Employed:																				
1. Properties, Plant and Equipment	\$654,700,526.83	100.00			\$155,927,940.25	23.81	\$116,529,790.87	17.80	\$177,483,984.95	27.11	\$178,729,145.37	26.99							\$28,110,664.69	4.29
Less: Reserves for Depreciation, Depletion and Amortization	307,287,600.60	100.00			68,841,954.82	22.63	65,342,370.81	21.69	90,057,079.59	32.24	57,908,979.93	18.84							14,437,215.35	4.70
Net	347,022,925.33	100.00			86,385,985.43	24.86	50,187,419.76	14.44	78,426,905.36	22.57	118,820,165.44	34.19							13,682,449.34	3.94
2. Current Assets	206,687,417.50	100.00	\$87,114,898.55	15.18	4,892,067.75	2.37	2,156,090.08	1.04	71,885,815.62	34.83	60,230,846.63	29.14							94,548,483.95	45.74
3. Non-current Security Investments	110,207,380.91	100.00	\$81,829.89	.86	61,974.66	.06			4,908.94	.00	628,400.24	.67					\$109,778,466.66	99.61	26,000.00	.02
4. Investments and Advances to Affiliated Companies—Unconsolidated																				
5. Intangible Assets	3,190,088.98	100.00							2,201.53	.67	1,811,934.79	56.80							1,375,222.66	43.13
6. Deferred Charges	1,638,416.72	100.00	44,855.11	2.74	250,318.36	15.28	184,668.60	11.27	200,955.91	12.29	655,947.66	40.00							242,258.28	14.78
7. Other Assets	41,211,731.90	100.00			686,618.94	1.42	24,622,120.18	59.50	1,874,685.97	4.54	4,854,640.33	11.76							22,832,259.04	55.40
8. Totals	\$710,447,971.34	100.00	\$27,891,787.51	3.85	\$32,176,863.14	12.97	\$77,049,262.50	10.85	\$148,905,661.15	20.95	\$177,292,115.03	24.95					\$109,778,466.66	15.45	\$123,707,370.27	16.68
Income:																				
1. Gross Revenue	\$337,382,676.20	100.00	\$359,416,174.90	106.64	\$32,234,129.68	9.66	\$28,576,321.15	8.77	\$161,689,369.81	56.82	\$315,715,251.62	93.58					\$4,902,648.67	1.45	\$113,680,860.07	35.47
Ratio to Total Assets	47.49				34.07		38.39		128.82		178.09						4.47		90.18	
2. Net Income Before Interest and Dividends	\$48,618,851.86	100.00	\$3,586,696.80	6.00	\$9,762,696.83	20.33	\$12,849,406.30	28.76	\$24,710,941.13	61.46	\$5,488,761.79	11.84					\$4,430,878.31	9.23	\$4,360,490.28	9.06
Ratio to Total Assets	6.76				10.59		16.68		16.61		5.80						4.04		3.28	

YEAR 1937

Assets Used or Employed:																				
1. Properties, Plant and Equipment	\$682,120,714.22	100.00			\$179,863,691.47	25.99	\$116,163,139.80	17.07	\$187,500,451.16	27.10	\$170,657,731.63	25.96							\$26,885,700.17	3.86
Less: Reserves for Depreciation, Depletion and Amortization	320,594,679.32	100.00			73,594,257.05	23.03	66,835,275.44	20.85	104,805,136.75	32.70	60,620,907.31	18.91							14,438,500.77	4.61
Net	371,526,034.90	100.00			106,629,434.42	28.53	51,327,864.36	13.81	82,745,314.40	22.27	119,937,224.32	32.04							12,446,199.40	3.59
2. Current Assets	208,171,038.94	100.00	\$27,806,180.05	15.07	6,775,394.28	3.26	1,641,934.64	.79	75,790,033.87	36.41	66,835,628.23	32.11							84,327,287.65	40.81
3. Non-current Security Investments	109,201,295.51	100.00	418,000.00	.38	160,254.71	.14					869,428.05	.78					\$108,845,612.75	99.44	23,000.00	.02
4. Investments and Advances in Affiliated Companies—Unconsolidated																				
5. Intangible Assets	3,197,880.88	100.00							2,159.22	.07	1,811,934.79	56.80							1,293,786.97	41.67
6. Deferred Charges	1,662,554.82	100.00	33,186.63	2.00	457,055.90	27.49	47,438.52	2.85	276,189.35	16.55	548,413.59	32.90							201,220.44	12.11
7. Other Assets	41,260,361.48	100.00			522,675.67	1.27	24,536,307.50	59.43	1,849,204.85	4.49	4,761,451.65	11.53							22,832,403.09	55.48
8. Totals	\$735,076,178.31	100.00	\$27,606,855.40	3.75	\$113,937,814.98	15.50	\$77,554,143.32	10.55	\$156,972,472.09	21.35	\$184,436,667.02	25.09					\$108,845,612.75	14.78	\$121,123,897.65	16.48
Income:																				
1. Gross Revenue	\$373,836,665.29	100.00	\$376,588,806.97	100.61	\$41,822,612.86	11.19	\$31,303,615.30	8.37	\$207,294,532.57	55.45	\$338,631,338.09	90.56					\$6,594,803.85	1.75	\$123,742,571.66	33.09
Ratio to Total Assets	50.85				56.71		40.38		132.06		183.58						5.00		102.16	
2. Net Income Before Interest and Dividends	\$57,702,748.83	100.00	\$887,834.85	.60	\$13,724,216.04	23.78	\$13,697,868.81	23.74	\$18,880,341.73	32.72	\$3,294,206.20	5.71					\$5,783,001.28	9.94	\$2,609,980.61	4.61
Ratio to Total Assets	7.85				12.05		17.66		12.00		1.79						8.39		2.20	

YEAR 1938

Assets Used or Employed:																				
1. Properties, Plant and Equipment	\$714,798,968.47	100.00			\$185,181,067.89	27.30	\$119,933,173.29	16.78	\$184,384,785.58	25.80	\$181,889,307.55	25.45							\$33,430,663.86	4.67
Less: Reserves for Depreciation, Depletion and Amortization	341,389,137.92	100.00			53,620,001.22	24.49	69,224,736.28	20.28	104,389,400.81	30.56	64,164,441.91	18.76							20,049,657.04	5.87
Net	373,409,830.55	100.00			111,561,066.67	29.87	50,708,437.01	13.56	79,995,384.77	21.42	117,724,865.64	31.54							13,381,036.82	4.17
2. Current Assets	211,808,082.88	100.00	\$17,682,695.83	8.33	4,615,428.32	2.13	3,659,177.32	.78	45,657,627.94	21.42	61,607,606.62	29.09							116,215,532.21	54.86
3. Non-current Security Investments	109,366,230.28	100.00	\$11,000.00	.88	19,827.06	.02	50,096.06	.04			776,839.12	.71					\$108,807,764.16	99.49	23,000.00	.02
4. Investments and Advances in Affiliated Companies—Unconsolidated																				
5. Intangible Assets	3,678,670.14	100.00							2,201.60	.07	1,811,934.79	56.80							1,264,431.70	41.67
6. Deferred Charges	1,813,290.33	100.00	36,340.77	2.17	610,624.75	33.67	43,177.67	2.38	228,982.39	12.40	689,734.47	38.26							201,500.11	11.12
7. Other Assets	28,197,177.81	100.00			612,731.37	2.04	24,391,536.97	85.69	1,785,682.61	6.28	4,745,076.09	16.86							6,792,271.90	26.29
8. Totals	\$734,663,141.95	100.00	\$17,888,565.06	2.43	\$117,200,605.47	16.17	\$76,852,627.84	10.61	\$134,060,913.79	17.12	\$177,931,703.68	24.55					\$108,807,764.16	15.01	\$137,787,890.23	18.92
Income:																				
1. Gross Revenue	\$341,200,498.54	100.00	\$381,834,068.85	100.04	\$37,095,294.14	10.87	\$64,646,549.43	7.87	\$204,920,697.00	60.00	\$316,609,259.74	92.76					\$4,363,931.69	1.28	\$113,302,710.12	33.20
Ratio to Total Assets	47.08				31.65		34.62		165.20		177.88						4.01		82.23	
2. Net Income Before Interest and Dividends	\$28,467,977.89	100.00	\$3,668,749.81	12.61	\$4,902,153.34	20.22	\$10,832,740.89	38.40	\$2,482,984.22	8.72	\$2,932,020.45	10.80					4,211,011.82	14.79	\$4,821,638.24	16.04
Ratio to Total Assets	3.93				7.34		14.23		2.00		1.65						3.87		5.11	

Italics indicate red figures.



SUN OIL COMPANY,
Philadelphia, September 1, 1939.

J. HOWARD PEW,
President.

J. N. PEW, Jr.,
Vice President.

TEMPORARY NATIONAL ECONOMIC COMMITTEE,
Apex Building, Washington, D. C.

Attention of Mr. J. R. Brackett, Executive Secretary.

GENTLEMEN: We very much regret the delay in making reply to your letter of August 14th. This, however, was occasioned by the inability of our staff to furnish the information you requested in the form indicated.

In a mass production industry it is impossible to accurately determine the income that accrues in any particular branch or division. None of the several arbitrary methods for determining the effectiveness of interdepartmental operations is of value excepting only for purposes of comparison, and no two such methods produce like results. The very breaking down of the industry into divisions is purely arbitrary, as no two integrated companies would agree as to the activities that should be allocated to each division. In the ultimate determination of our profits or losses we take the total amount of money received from the sale of all our products and from this deduct all our operating costs, including those of transportation, and the difference is our profit or loss.

As regards the analysis of consolidated assets covered in the form which you to sent us, it is obviously impossible to break down the cash in the banks so that a part of this cash should appear as a credit to each of these arbitrary divisions. The same reasoning applies to practically all current assets.

Very truly yours,

J. HOWARD PEW.

THE TEXAS COMPANY
REGAL DEPARTMENT
135 East 42nd Street

GEORGE W. RAY, Jr.,
Attorney

NEW YORK, August 28th, 1939.

Mr. JAMES R. BRACKETT,
*Executive Secretary, Temporary National Economic Committee,
Apex Building, Washington, D. C.*

DEAR SIR: Your letter of August 14th to The Texas Corporation has been referred to me for reply.

It is impossible to compile the data you request by September 5th, 1939 or by September 18th, 1939.

Furthermore, the information requested involves the use of so many arbitrary assumptions that the information when compiled, in our opinion, would be valueless.

I assume that in view of this you will withdraw your request for the additional information.

Very truly yours,

GEORGE W. RAY, Jr., *Attorney.*

GWR-ARL

TIDE WATER ASSOCIATED OIL COMPANY

TIDE WATER DIVISION

17 Battery Place

GEORGE J. MURRAY, Jr.
Assistant to the President

NEW YORK, September 8, 1939.

Mr. JAMES R. BRACKETT,
Executive Secretary, Temporary National Economic Committee,
Washington, D. C.

DEAR MR. BRACKETT: Referring to your letter to me of August 17, 1939 and our recent conversation regarding this Company's unit value of gasoline and divisional profits desired by the Committee.

I believe I made it sufficiently clear to you during our conversation that our Company, as well as all other oil companies, considers it impossible accurately to determine the cost of a gallon of gasoline or other products manufactured from crude oil. Recognizing this fact, you have indicated, that your purpose would be served if we informed you of the unit value of gasoline used in connection with the preparation of our annual return of taxable net income. Accordingly, we send you herewith a statement giving the information desired by you, and I hope that the Committee will accept and use this information with our qualification that the unit values represent estimates prepared for the purpose of valuing the Companies' inventories of gasoline and that we do not present them as actual costs of gasoline.

We have again carefully considered what information might be given to the Committee indicating divisional profits of our Company. If in my conversation with you I failed to make it clear, please be advised that our Company has not adopted and is not using an accounting system designed to reflect profits by divisions. The development of such an accounting system has been considered by our executives from time to time but it has always been recognized that the profits of the divisions of an integrated oil company can only be estimated by arbitrarily assigning to each division a profit on products or services supplied to other divisions of the Company. Another circumstance making it impracticable in our opinion to determine divisional profits is the fact, as you will appreciate, that several classes of important assets and liabilities, and carrying charges, cannot readily be apportioned and allocated to the various operating divisions of the Company, although all divisions share in such assets, liabilities and carrying charges and would have to consider them in determining divisional profits. Also, we consider that it is impossible to determine what proportions of the capital stock and surplus of the Company may be said to be employed by the various branches of our Company. Therefore, for the foregoing reasons, our executives have always believed it impracticable to determine a basis for such inter-divisional profits, and for that reason the income of the Company is determined and considered only on a consolidated basis for the Company as a whole. It has always been thought that an inter-divisional profit system would be meaningless and of no value by reason of arbitrary assumptions necessary for the computation of divisional profits.

For the foregoing reasons, I regret to advise again that we cannot give you any information regarding divisional profits. Please be assured that we wish to cooperate with the Committee in its investigation, but we cannot furnish the requested information because it is not available and we know of no practicable manner in which to prepare it.

Sincerely yours,

GEORGE J. MURRAY, JR.

GJM:RR.

UNION OIL COMPANY OF CALIFORNIA

Union Oil Building

W. R. EDWARDS,
Secretary.
E. H. ESTILL,
Assistant Secretary.

LOS ANGELES, CALIF., September 5, 1939.

MR. JAMES R. BRACKETT,
*Executive Secretary, Temporary National Economic Committee,
Apex Building, Washington, D. C.*

DEAR SIR: In reply to your letter of August 14 asking for an analysis of assets and income for the various departments of the Company for the years 1936-38 inclusive, and with reference to our letter of September 1, we are attaching schedules showing the information requested insofar as it is practicable for us to furnish it.

Generally, the form of the report suggested by you is satisfactory except that we have added an additional column, "UNALLOCATED", in which we have placed current assets and net income. Current assets consisting of cash, accounts and notes receivable, inventories, materials and supplies, have not been allocated to departments as we see no reasonable way in which such allocation can be made. The company operates through departments rather than separately incorporated companies for each departmental activity, and, further, our accounting system does not provide for departmental allocation of the current assets which might be required by each department to carry on its current operations provided it had to separately maintain itself. Physical properties, with applicable depreciation reserves, have been segregated in accordance with departmental classification.

Gross revenue has been segregated according to departments to show the revenues obtained by such departments, as transportation where services are performed for other parties. Gross revenues from sales of crude and refined oil products are shown under the marketing department. Net income (as specified before interest and dividends) has been placed in the unallocated column. While in the main it is true that all departmental activities enter into the realizing of net income, it is impracticable, if not impossible, to determine to what extent each department contributed to that net income; further, no so-called departmental profit can be considered realized until the products are finally sold by the marketing department.

We trust the attached statements, together with the explanation above, will satisfactorily answer your questions.

Very truly yours,

W. R. EDWARDS, *Secretary.*

S.

Analysis of consolidated assets and consolidated income, classified by branches or departments—Continued

1938

[In Thousands of Dollars]

	Total	(1) Domestic Petroleum Branches						(2) Foreign Petroleum Branches		(3) Investments in Uncon- solidated Petroleum Affiliates		(4) General In- vestments		(5) Miscella- neous		Unallocated
		(a) Produc- tion		(b) Trans- portation		(c) Refining and Manu- facturing		(d) Mar- keting		Amount	% of to- tal	Amount	% of to- tal	Amount	% of to- tal	
		Amount	% of to- tal	Amount	% of to- tal	Amount	% of to- tal	Amount	% of to- tal							
Assets Used or Employed:																
1. Properties, Plant and Equip- ment.....	254,962	156,973		34,591		26,501		31,479		2,896			62,622			
Less: Reserve for Depreciation, Depletion and Amortization.....	139,169	84,396		21,091		16,653		13,130		1,659			42,240			
Net.....	115,793	72,577		13,500		9,848		18,349		1,237			282			47,773
2. Current Assets.....	47,773											695				
3. Non-current Sec. Investments.....																
4. Investments and Advances in Affiliated Companies—Un- consolidated.....	235									192		43				
5. Intangible Assets.....																
6. Deferred Charges.....	1,497												1,497			
7. Other Assets.....																
8. Total.....	165,993	72,577		13,500		9,848		18,349		1,237		738		1,779		47,773
Income:																
1. Gross Revenue.....	78,483	31		829				76,891				69		504		
Ratio to Total Assets.....																
2. Net Income before Interest ^a and Dividends.....	7,099											159				7,099
Ratio to Total Assets.....																

^a Special reserve for contingencies obsolescence—not allocated by departments.^b Interest on funded debt only. Other interest expense was \$9,766.^c In 1938, certain properties formerly carried in other departments were reclassified as miscellaneous.

AMERADA CORPORATION

Analysis of consolidated assets and consolidated income, classified by branches or departments

YEAR 1936

	Total	(1) Domestic Petroleum Branches ^{1,2}				(2) Foreign Petroleum Branches ^{1,3}		(3) Investments in Unconsolidated Petroleum Affiliates		(4) General Invest- ments		(5) Miscellane- ous	
		(a) Production (in- cluding natural gasoline opera- tions)		(c) Refining and manu- facturing		(d) Market- ing							
		Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Assets Used or Employed:													
1. Properties, Plant and Equipment.....		\$42,345,735.20	100	\$42,345,735.20	100								
Less: Reserves for Depreciation, De- pletion, Intangible Development, etc..		31,919,660.86	100	31,919,660.86	100								
Net.....		\$10,426,074.34	100	\$10,426,074.34	100								
2. Current Assets.....		5,420,877.64	100	5,420,877.64	100								
3. Non-current Security Investments.....		95,593.00	100							\$95,593.00	100		
4. Investments and Ad- vances in Affiliated Companies — Un- consolidated.....		4,567,000.00	100					4,567,000.00	100				
5. Intangible Assets.....			100										
6. Deferred Charges.....		8,112.11	100	8,112.11	100								

¹ In referring to domestic and foreign petroleum "branches," the term "branches" means "companies." A domestic company is one that is incorporated in the United States even though some of its operations are foreign operations. A foreign company is one that is not incorporated in the United States even though some of its operations are domestic operations.

² Includes parent company and all domestic subsidiaries engaged in the petroleum industry.

³ Includes all foreign subsidiaries engaged in the petroleum industry.

⁴ Investment in and advances to Esperanza Petroleum Corporation, a domestic company, whose entire business is carried on outside of the United States. This Corporation holds undeveloped prospective oil lands in Venezuela.

Analysis of consolidated assets and consolidated income, classified by branches or departments—Continued

YEAR 1936

	Total	(1) Domestic Petroleum Branches:						(2) Foreign Petroleum Branches:		(3) Investments in Unconsolidated Petroleum Affiliates		(4) General Invest- ments		(5) Miscellane- ous	
		(a) Production (in- cluding natural gasoline opera- tions)		(b) Trans- portation		(c) Refining and Manu- facturing		(d) Market- ing		Amount	% of total	Amount	% of total	Amount	% of total
		Amount	Per- cent	Amount	% of total	Amount	% of total	Amount	% of total						
Assets Used or Em- ployed—Continued.															
Other Assets.....		143,542.95	100	143,542.95	100										
8. Totals.....		\$16,661,200.04	100	\$15,998,607.04	96.02					\$567,000.00	3.40	\$95,593.00	.58		
Income:															
1. Gross Revenue.....		\$12,852,080.91	100	\$12,730,580.91	98.98										
Ratio to Total Assets.....		.77		.80											
2. Net Income Before Interest and Divi- dends.....		1,983,901.28	100	1,852,401.28	93.37										
Ratio to Total Assets.....		.12		.12											

YEAR 1937

	Total	(a) Production (in- cluding natural gasoline opera- tions)		(b) Trans- portation		(c) Refining and Manu- facturing		(d) Market- ing		(2) Foreign Petroleum Branches:		(3) Investments in Unconsolidated Petroleum Affiliates		(4) General Invest- ments		(5) Miscellane- ous	
		Amount	Per- cent	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
		Amount	Per- cent	Amount	% of total	Amount	% of total	Amount	% of total								
Assets Used or Employed:																	
1. Properties, Plant and Equipment.....		\$48,354,329.05	100	\$48,354,329.05	100												
Less: Reserve for De- preciation, Deple- tion, Intangible Development, etc.....		36,669,518.06	100	36,669,518.06	100												
Net.....		\$11,684,810.99	100	\$11,684,810.99	100												
2. Current Assets.....		6,131,336.69	100	6,131,336.69	100												
3. Non-current Security Investments.....		95,593.00	100											95,593.00	100		

YEAR 1933									
4. Investments and Advances in Affiliated Companies—Unconsolidated	100							4 619,000.00	100
5. Intangible Assets	100								
6. Deferred Charges	100	9,962.20	100						
7. Other Assets	100	136,558.52	100						
8. Totals	100	\$17,677,261.40	100	\$16,962,668.40	95.96			4 6619,000.00	3.50
Income:									
1. Gross Revenue	100	\$16,399,330.49	100	\$16,267,880.49	99.20			\$131,500.00	.80
2. Net Income Before Interest and Dividends	.93			.96				1.38	
Ratio to Total Assets	.14	2,400,028.34	100	2,268,528.34	94.52			131,500.00	5.48
				.13				1.38	

YEAR 1933

YEAR 1933									
Assets Used or Employed:									
1. Properties, Plant and Equipment	100	\$51,622,753.85	100	\$51,622,753.85	100				
Less: Reserves for Depreciation, Depletion, Intangible Developments, etc.									
Net									
2. Current Assets	100	\$11,591,428.66	100						
3. Non-current Security Investments	100	4,590,599.31	100	4,590,599.31	100			95,593.00	100
4. Investments and Advances in Affiliated Companies—Unconsolidated	100								
5. Intangible Assets	100							4 669,000.00	100
6. Deferred Charges	100	29,921.60	100	29,921.60	100				
7. Other Assets	100	125,446.50	100	125,446.50	100				
8. Totals	100	\$17,101,991.07	100	\$16,337,398.07	95.53			4 669,000.00	3.91
Income:									
1. Gross Revenue	100	\$12,642,101.28	100	\$12,623,751.28	99.06			\$118,350.00	.94
2. Net Income Before Interest and Dividends	.74			.77				1.24	
Ratio to Total Assets	.10	1 634,486.11	100	1 516,136.11	92.76			118,350.00	7.24
				.09				1.24	

⁸ Investment in and advances to Esperanza Petroleum Corporation, a domestic company, whose entire business is carried on outside of the United States. This Corporation holds undeveloped prospective oil lands in Venezuela.

AMERICAN REPUBLICS CORPORATION

Analysis of consolidated assets and consolidated income, classified by branches or departments

YEAR 1936

	Total		(1) Domestic Petroleum Branches								(2) Foreign Petro- leum Branches	(3) Investments in Unconsolidated Petroleum Affiliates		(4) General Invest- ments		(5) Mis- cella- neous
			(a) Production		(b) Transporta- tion		(c) Refining and Manufacturing		(d) Mar- keting	Amount		% of Total	Amount	% of Total		
	Amount	Per- cent	Amount	% of Total	Amount	% of Total	Amount	% of Total								
Assets Used or Employed:																
1) Properties, Plant and Equipment	22,319,008.71	100	13,020,156.44	58.33	2,349,436.08	10.53	2,246,905.01	10.07	None	None	4,702,511.18	21.07	None			
Less: Reserves for Depreciation, Depletion and Amortization	8,409,125.62	100	2,666,548.38	31.71	1,483,840.12	17.65	1,493,073.20	17.75	None	None	2,765,663.92	32.89	None			
Net																
2) Current Assets	13,909,883.09	100	10,353,608.06	74.43	865,595.96	6.22	753,831.81	5.42	None	None	1,936,847.26	13.93	None			
3) Non-current Security Investments	3,986,179.85	100	1,094,976.45	27.47	151,061.48	3.79	1,274,822.99	31.98	None	None	1,465,318.43	36.76	None			
4) Investments and Advances in Affiliated Companies—Unconsolidated	749,595.03	100							None	None	358,789.50	47.86	None			
5) Intangible Assets	50,000.00	100							None	None			None			
6) Deferred Charges	5,093.40	100							None	None	5,093.40	100	None			
7) Other Assets	11,092.16	100	57,772.95	50.24	17,034.35	14.81	26,807.79	23.31	None	None	16,846.51	100	None			
8) Totals	16,846.51	100							None	None			None			
	18,832,559.54	100	11,506,357.46	61.10	1,033,691.79	5.49	2,055,462.59	10.91	None	None	3,796,282.17	20.16	None			
Income:																
1) Gross Revenue	10,214,710.82	100	808,317.40	7.91	858,296.02	8.40	3,650,744.88	35.74	None	None	4,818,526.52	47.18	None			
Ratio to Total Assets	1:1.84		1:14.23		1:1.20		1:0.56				1:0.79					
2) Net Income before Interest and Dividends	370,103.75	100	152,532.98	41.22	56,284.18	15.21	251,295.72	67.90	None	None	136,230.83	36.81	None			
Ratio To total Assets	1:50.88		1:75.43		1:18.36		1:8.18				1:27.86					

YEAR 1937

Assets Used or Employed:									
1) Properties, Plant and Equipment.....	23,360,983.30	100	13,932,170.06	59.72	2,433,823.53	10.43	2,105,699.54	9.01	None
Less: Reserves for Depreciation, Depletion and Amortization.....	8,599,285.00	100	2,805,270.77	32.62	1,592,493.93	18.52	1,337,820.76	15.56	None
Net.....	14,761,703.30	100	11,146,899.29	75.51	843,329.60	5.72	767,878.78	5.20	None
2) Current Assets.....	3,404,073.09	100	540,427.12	15.88	207,940.56	6.11	978,027.95	28.73	None
3) Non-current Security Investments.....	685,706.53	100	-----	-----	-----	-----	-----	-----	None
4) Investments and Advances in Affiliated Companies — Unconsolidated.....	51,000.00	100	-----	-----	-----	-----	-----	-----	None
5) Intangible Assets.....	4,783.20	100	-----	-----	-----	-----	-----	-----	None
6) Deferred Charges.....	108,924.85	100	58,640.89	53.53	21,023.40	19.76	16,859.68	15.48	None
7) Other Assets.....	87,948.59	100	37,040.60	42.40	-----	-----	35,000.00	40.07	None
Totals.....	19,103,539.66	100	11,783,007.90	61.68	1,072,793.56	5.62	1,797,766.41	9.41	None
Income:									
1) Gross Revenue.....	15,603,876.28	100	1,066,574.34	6.83	1,189,666.39	7.63	5,472,787.72	35.07	None
Ratio to Total Assets.....	1:1.22	-----	1:11.05	-----	1:0.90	-----	1:0.33	-----	-----
2) Net Income before Interest and Dividends.....	823,971.86	100	229,556.21	27.83	307,561.90	37.32	193,478.47	23.48	None
Ratio to Total Assets.....	1:23.18	-----	1:51.57	-----	1:3.49	-----	1:9.29	-----	-----
Totals.....	-----	-----	-----	-----	-----	-----	-----	-----	-----

YEAR 1938

Assets Used or Employed:									
1) Properties, Plant and Equipment.....	24,246,674.42	100	14,670,559.30	60.51	2,536,450.25	10.46	2,119,567.15	8.74	None
Less: Reserves for Depreciation, Depletion and Amortization.....	8,850,797.90	100	2,877,075.46	32.51	1,655,823.00	18.71	1,381,977.01	15.61	None
Net.....	15,395,876.52	100	11,793,483.84	76.60	880,627.25	5.72	737,590.14	4.79	None
2) Current Assets.....	3,189,898.62	100	464,248.13	14.55	151,644.04	4.75	862,260.58	27.03	None
3) Non-current Security Investments.....	685,706.53	100	-----	-----	-----	-----	-----	-----	None
4) Investments and Advances in Affiliated Companies—Unconsolidated.....	50,000.00	100	-----	-----	-----	-----	-----	-----	None
Totals.....	-----	-----	-----	-----	-----	-----	-----	-----	-----

Italics indicate red figures.

Analysis of consolidated assets and consolidated income, classified by branches or departments—Continued

YEAR 1938—Continued

	Total		(1) Domestic Petroleum Branches								(2) Foreign petro- leum Branches	(3) Investments In Unconsolidated Petroleum Affiliates		(4) General Invest- ments		(5) Mis- cella- neous
			(a) Production		(b) Transporta- tion		(c) Refining and Manufacturing		(d) Mar- keting							
	Amount	Per- cent	Amount	% of Total	Amount	% of Total	Amount	% of Total		Amount	% of Total					
Assets Used or Employed— Continued.																
5) Intangible Assets.....	4,473.00	100							None	None			4,473.00	100	None	
6) Deferred Charges.....	168,730.23	100							None	None			19,797.79	11.73	None	
7) Other Assets.....	42,448.43	100							None	None			13,913.06	32.78	None	
8) Totals.....	19,537,133.33	100	12,381,700.78	63.37	1,056,511.46	5.41	1,629,109.55	8.34	None	None	440,805.53	2.26	4,029,006.01	20.62	None	
Income:																
1) Gross Revenue.....	11,679,811.46	100	1,236,320.01	10.59	1,085,700.75	9.29	3,550,887.67	30.40	None	None	79,230.50	.68	5,727,612.53	49.04	None	
Ratio to Total Assets.....	1:1.67		1:10.01		1:0.97		1:0.46				1:5.56		1:0.70			
2) Net Income before Inter- est and Dividends.....	174,854.18	100	43,793.49	25.04	52,598.72	30.08	262,430.52	150.11	None	None	79,230.50	45.34	469.69	.87	None	
Ratio to Total Assets.....	1:111.74		1:282.73		1:20.08		1:69.07				1:5.56		1:367.98			

Italics indicate red figures.

ASHLAND OIL & REFINING COMPANY

Analysis of consolidated assets and consolidated income

YEAR 1936

	Total		Production		Transportation		Refg. & Mfg.		Marketing	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Assets used or employed:										
1. Properties, Plant & Equip.....	14,609,859.77	100	11,618,415.96	80	447,856.43	3	1,703,142.46	12	840,445.02	5
Less Reserves for Depreciation & Depletion.....	12,010,102.36	100	10,348,223.28	86	203,419.74	2	1,141,766.22	10	316,693.12	2
Net.....	2,599,757.41	100	1,270,192.68	49	244,436.69	9	561,376.24	22	523,751.90	20
2. Current Assets.....	1,816,278.80	100	272,441.82	15	181,627.88	10	998,953.34	55	363,255.76	20
3. Non Current Security Investments.....	25,762.50	100	3,864.38	15	2,576.25	10	14,169.37	55	5,152.50	20
4. Investments in Affiliated Companies—Unconsolidated.....	23,051.00	100					23,051.00	100		
5. Intangible Assets.....										
6. Deferred Charges.....	69,508.18	100	10,426.23	15	6,950.82	10	38,229.49	55	13,901.64	20
7. Other Assets.....										
8. Total.....	4,539,357.89	100	1,556,925.01	34	435,591.64	10	1,640,779.44	36	906,061.80	20
Income:										
1. Gross Revenue (Sales).....	4,845,970.34	100	(¹)	(¹)	(²)	(²)	3,530,908.67	73	1,315,061.67	27
Ratio to Total Assets.....	1.1 to 1						2.2 to 1		1.5 to 1	
2. Net Income Before Interest and Dividends.....	870,061.95	100	171,524.43	20	42,091.71	5	648,420.04	74	8,025.77	1
Ratio to Total Assets.....	1 to 5		1 to 9		1 to 10.3		1 to 2.5		1 to 113	

¹ State and Federal Gasoline Taxes Not Included in Sales.² Eliminated by Consolidation.

NOTE—Net earnings for different branches of the industry are shown on the basis of "arm's length" transactions with other departments. For example, crude oil from our own wells is charged to manufacturing department on the same basis as posted markets which are applicable to crude oil purchased from others. Gasoline is charged to our marketing operations at the same prices as charged to jobbers, etc.

Analysis of consolidated assets and consolidated income—Continued

YEAR 1937

	Total		Production		Transportation		Refg. & Mfg.		Marketing		Misc.	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Assets used or employed:												
1. Properties, Plant & Equipment.	15,161,275.92	100	11,744,139.66	77	482,340.59	3	1,780,955.95	12	979,215.12	6	174,624.60	2
Less Reserve for Depr. and Depletion.	12,345,574.87	100	10,525,674.01	85	240,114.81	2	1,234,377.74	10	344,401.74	3	1,016.57	---
Net.....	2,815,701.05	100	1,218,465.65	43	242,235.78	9	546,578.21	19	634,813.38	23	173,608.03	6
2. Current Assets:	1,864,235.70	100	279,635.36	15	186,423.57	10	1,025,329.63	55	372,847.14	20	---	---
3. Non Current Security Investments.	25,762.50	---	3,864.38	15	2,576.25	10	14,169.37	55	5,152.50	20	---	---
4. Investments in Affiliated Co.—Unconsolidated.	25,051.00	100	---	---	---	---	25,051.00	100	---	---	---	---
5. Intangible Assets.	---	---	---	---	---	---	---	---	---	---	---	---
6. Deferred Charges.	97,377.64	100	14,606.64	15	9,737.76	10	53,557.72	55	19,475.52	20	---	---
7. Other Assets.	---	---	---	---	---	---	---	---	---	---	---	---
8. Total.	4,828,127.89	100	1,516,572.03	31	440,973.36	9	1,664,685.93	34	1,032,288.54	21	173,608.03	5
Income:												
1. Gross Revenue (Sales).	5,408,232.30	100	(?)	(?)	(?)	(?)	3,779,575.10	69	1,728,657.20	31	---	---
Ratio to Total Assets.	1.1 to 1	---	---	---	---	---	2.3 to 1	---	1.7 to 1	---	---	---
2. Net Income Before Interest and Dividends.	814,455.94	100	166,407.65	20	33,840.33	4	582,526.67	72	31,681.29	4	---	---
Ratio to Total Assets.	1 to 6	---	1 to 9.1	---	1 to 13	---	1 to 2.9	---	1 to 32.5	---	---	---

[illegible]

YEAR 1938

[illegible]

1 Less.

BARNSDALL REFINING CORPORATION
Analysis of consolidated assets & consolidated income

YEAR 1936

	Total	Domestic					Foreign Petroleum Branches		
		Production (A)	Transportation (B)	Refining & Manufacturing (C)		Marketing (D)	Amount	% of Total	Other
				Amount	% of Total				
Assets Used or Employed:									
1. Properties—Plant & Equipment	\$13,869,073.98	Nil	Nil	\$8,196,534.62	60	\$5,672,480.17	\$59.19		Nil
Less—Reserves for Depreciation and Amortization	8,344,689.13			6,137,861.97	74	2,156,780.82	46.34		
Net.....	\$5,524,384.85								
2. Current Assets	4,134,262.42			\$2,008,672.65	37	\$3,515,699.35	\$12.85		
3. Noncurrent Security Investment	137,093.74			2,112,497.93	51	2,009,068.41	12,696.08		
4. Investments & Advances in Affiliated Corporations—Unconsolidated				74,827.91	55	62,265.83			
5. Intangible Assets		Nil	Nil						Nil
6. Deferred Charges	222,499.38			73,038.11	33	149,400.25	61.02		
7. Other Assets									
Total.....	\$10,018,240.39	Nil	Nil	\$4,269,036.60	42	\$5,736,433.84	\$12,769.95		Nil
Income:									
1. Gross Revenue	\$13,413,137.90			\$4,624,358.59		\$8,776,582.09	\$15,197.22		
Ratio of Total Assets.....	134			109		153	125		
2. Net Income Before Interest & Dividends.....	619,590.21			267,618.14		391,252.67	489.40		
Ratio of Total Assets.....									

YEAR 1937

Assets used or employed:									
1. Properties—Plants & Equipment	\$14,124,270.28	Nil	Nil	\$8,335,823.19	60	\$5,793,381.11	\$4,937.02		Nil
Less: Reserves for Depreciation & Amortization	8,573,455.25			6,303,039.30	80	2,270,292.80	123.15		
NET.....	\$5,550,815.03								
2. Current Assets	4,164,490.13			\$2,032,786.89	40	\$3,513,214.27	\$4,813.87		
3. Non Current Security Investment	74,383.80			2,072,520.34	50	2,073,124.51	18,845.28		
				28,822.50	40	45,561.30			

[illegible]

	<div style="text-align: center;">YEAR 1938</div>								
Assets used or employed:	\$13,655,635.60	Nil	Nil	\$7,910,345.19	58	\$5,731,167.27	42	\$5,123.14	Nil
1. Property—Plants & Equipment.....	7,498,637.36			5,132,868.77	70	2,365,320.23	30	448.36	
Less: Reserve for Depreciation & Amortization.....									
Net.....	\$6,156,998.24			\$2,780,476.42	45	\$3,365,847.04	55	\$4,674.78.	
2. Current Assets.....	3,687,521.60			1,930,810.70	42	1,731,042.90	49	24,768.00	1
3. Non Current Security Investment.....	71,792.07			36,682.80	51	35,109.57	49		
4. Investments & Advances in Affiliated Corporations—Un-		Nil	Nil						Nil
consolidated.....									
5. Intangible Assets.....									
6. Deferred Charges.....	172,867.90			33,906.27	20	138,451.35	80	510.37	
7. Other Assets.....									
Total.....	\$10,089,179.90	Nil	Nil	\$4,787,875.89	47	\$5,271,350.86	53	\$29,953.15	Nil
Income:									
1. Gross Revenue.....	\$13,880,504.65			\$6,544,799.00		\$7,284,746.50		\$60,939.15	
Ratio of Total Assets.....	138			137		139		203	
2. Net Income Before Interest & Dividends.....	1,314,899.72			860,931.69		464,699.69		731.13	
Ratio of Total Assets.....									

Italics indicate red figures.

CHALMETTE PETROLEUM CORPORATION

Analysis of consolidated assets and consolidated income, classified by branches or departments

YEAR ENDED DECEMBER 31, 1936

	Total		Domestic Petroleum Branches—Refining & Manufacturing		General Investments	
	Amount	Percent	Amount	Pct. of total	Amount	Pct. of total
Assets used or employed:						
1. Properties, Plant and Equipment.....	1,841,305.10	100.00	1,797,903.57	97.64	43,401.53	2.36
1. Less Reserve for Depreciation, Depletion and Amortization.....	1,104,357.92	100.00	1,098,206.80	99.44	6,151.12	.56
Net.....	736,947.18	100.00	699,696.77	94.95	37,250.41	5.05
2. Current Assets.....	753,679.11	100.00	742,357.90	98.50	11,311.21	1.50
3. Non-Current Security Investments.....	30,550.00	100.00			30,550.00	100.00
4. Investments and Advances in Affiliated Companies—Unconsolidated.....						
5. Intangible Assets.....						
6. Deferred Charges.....	9,750.07	100.00	9,541.50	97.86	208.57	2.14
7. Other Assets consisting of Accounts and Notes Receivable—Not Current.....	97,706.72	100.00	97,706.72	100.00		
8. Totals.....	1,628,633.08	100.00	1,549,312.89	95.13	79,320.19	4.87
Income:						
1. Gross Revenue.....	3,634,515.05	100.00	3,629,414.28	99.86	5,100.77	.14
Ratio to Total Assets.....	223.16		234.26		6.43	
2. Net Income before Interest and Dividends.....	17,397.93	100.00	29,032.47	166.87	11,634.54	66.87
Ratio to Total Assets.....	1.07		1.87		14.67	

YEAR ENDED DECEMBER 31, 1937

	Total		Domestic Petroleum Branches—Refining & Manufacturing		General Investments	
	Amount	Percent	Amount	Pct. of total	Amount	Pct. of total
Assets used or employed:						
1. Properties, Plant and Equipment.....	1,802,462.52	100.00	1,759,060.99	97.59	43,401.53	2.41
1. Less Reserve for Depreciation, Depletion and Amortization.....	1,119,996.82	100.00	1,112,217.06	99.31	7,779.76	.69
Net.....	682,465.70	100.00	646,843.93	94.78	35,621.77	5.22
2. Current Assets.....	749,559.03	100.00	735,585.96	98.14	13,973.07	1.86
3. Non-Current Security Investments.....	30,550.00	100.00			30,550.00	100.00
4. Investments and Advances in Affiliated Companies—Unconsolidated.....						
5. Intangible Assets.....						

YEAR ENDED DECEMBER 31, 1933

6. Deferred Charges.....	8,824.04	100.00	8,624.56	97.74	199.48	2.26
7. Other Assets consisting of Accounts and Notes Receivable—Not Current.....	90,120.93	100.00	90,120.93	100.00		
8. Totals.....	1,561,519.70	100.00	1,481,175.38	94.85	80,344.32	5.15
Income:						
1. Gross Revenue.....	4,937,894.89	100.00	4,934,534.89	99.93	3,360.00	.07
2. Ratio to Total Assets.....	316.22		333.15		4.18	
2. Net Income before Interest and Dividends.....	152,098.18	100.00	151,535.69	99.63	562.49	.37
Ratio to Total Assets.....	9.74		10.23		.70	
Assets used or employed:						
1. Properties, Plant and Equipment.....	1,803,365.18	100.00	1,759,963.66	97.59	43,401.53	2.41
Less Reserve for Depreciation, Depletion and Amortization.....	1,189,712.06	100.00	1,180,303.66	99.21	9,408.40	.79
Net.....						
2. Current Assets.....	613,653.12	100.00	579,669.99	94.46	33,983.13	5.54
3. Non-Current Security Investments.....	752,031.40	100.00	682,894.95	90.81	69,136.45	9.19
4. Investments and Advances in Affiliated Companies—Unconsolidated.....	30,550.00	100.00			30,550.00	100.00
5. Intangible Assets.....						
6. Deferred Charges.....	7,363.03	100.00	7,163.60	97.29	199.43	2.71
7. Other Assets consisting of Accounts and Notes Receivable—Not Current.....	67,820.40	100.00	67,820.40	100.00		
8. Totals.....	1,471,418.00	100.00	1,337,538.94	90.90	133,879.06	9.10
Income:						
1. Gross Revenue.....	4,594,279.44	100.00	4,590,919.44	99.93	3,360.00	.07
Ratio to Total Assets.....	312.23		343.24		2.51	
2. Net Income before Interest and Dividends.....	34,313.43	100.00	31,359.17	100.08	2,954.26	.08
Ratio to Total Assets.....	2.13		2.34		.08	

NOTE.—Company is not engaged in the business of Production, Transportation or Marketing of Petroleum, nor has it any foreign branches.
Italics indicate red figures.

CHAMPLIN REFINING COMPANY

Analysis of consolidated assets and consolidated income, classified by branches or departments

[All amounts shown in thousands of dollars]

YEAR 1936

	Total	(1) Domestic Petroleum Branches ^{1, 2}										(2) Foreign Petroleum Branches ^{1, 2}		(3) Investments in Unconsoli- dated Petro- leum Affiliates		(4) General In- vestments		(5) Miscellaneous	
		(a) Production		(b) Transpor- tation		(c) Refining and Manufac- turing		(d) Marketing											
		Amount	Per cent	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total		
Assets Used or Employed:																			
1. Properties, Plant and Equip- ment	100	\$17,718	100	\$4,674	26.4	\$5,648	31.9	\$4,231	23.9	\$2,692	15.2								
Less: Reserves for Deprecia- tion, Depletion and Amor- tization	100	12,645	100	3,261	25.8	3,761	29.8	4,075	32.2	1,405	11.1								
Net		5,073		1,413	27.9	1,887	37.2	155	03.0	1,287	25.4								
2. Current Assets	100	3,074	100							1,819	26.6								
3. Non-current Security In- vestments	100	806	100							796	98.8								
4. Investments and Advances in Affiliated Companies— Unconsolidated	100																		
5. Intangible Assets	100																		
6. Deferred Charges	100	370								54	14.8								
7. Other Assets	100																		
8. Totals	100	9,323	100	1,413	15.2	1,887	20.2	155	01.7	2,957	31.7								
Income:																			
1. Gross Revenue	100	12,611	100	2,078		642		6,704		3,126						59			
Ratio to Total Assets		135.2		147.1		34.1		4,303.8		105.7									
2. Net Income Before Interest and Dividends	100	759	100	606		398		894		129						212			
Ratio to Total Assets		08.1		42.9		21.1		574.1		04.4									

YEAR 1937

Assets Used or Employed:										
1. Properties, Plant and Equipment.....	\$19,421	100	\$4,925	26.7	\$5,587	30.3	\$4,557	24.8	\$2,797	15.2
Less: Reserves for Depreciation and Amortization.....	13,303	100	3,495	26.3	4,011	30.2	4,116	30.9	1,524	11.5
Net.....	5,117	100	1,429	27.9	1,576	30.8	440	08.6	1,272	24.9
2. Current Assets.....	3,344	100							774	20.1
3. Non-current Security Investments.....	810	100							796	98.2
4. Investments and Advances in Affiliated Companies—Unconsolidated.....		100								
5. Intangible Assets.....		100								
6. Deferred Charges.....	423	100							55	13.1
7. Other Assets.....		100								
8. Totals.....	10,196	100	1,429	14.0	1,576	15.5	440	04.3	2,898	28.4
Income:										
1. Gross Revenue.....	14,022	100	2,586		675		7,421		3,202	
Ratio to Total Assets.....	137.5		180.9		42.8		1683.4		110.5	
2. Net Income Before Interest and Dividends.....	731	100	518		397		732		9	
Ratio to Total Assets.....	07.2		36.2		20.8		166.1		00.3	

¹ In referring to domestic and foreign petroleum "branches," the term "branches" means "companies." A domestic company is one that is incorporated in the United States even though some of its operations are foreign operations. A foreign company is one that is not incorporated in the United States even though some of its operations are domestic operations.

² Includes parent company and all domestic subsidiaries engaged in the petroleum industry

³ Includes all foreign subsidiaries engaged in the petroleum industry.

Italics indicate red figures.

Analysis of consolidated assets and consolidated income, classified by branches or departments—Continued

YEAR 1938

	Total	(1) Domestic Petroleum Branches								(2) Foreign Petroleum Branches		(3) Investments in Unconsoli- dated Petro- leum Affiliates		(4) General In- vestments		(5) Miscellaneous	
		(a) Production		(b) Transpor- tation		(c) Refining and Manufac- turing		(d) Marketing									
		Amount	Per cent	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total		
Assets Used or Employed:																	
1. Properties, Plant for Equip- ment.....	\$19,621	100	\$5,107	26.0	\$5,496	28.0	\$4,432	22.6	\$3,940	20.1							
Less: Reserves for Depreci- ation, Depletion and Amortization.....	14,723	100	3,737	26.2	4,128	28.9	4,025	28.2	2,223	15.6							
Net.....	5,348	100	1,369	25.6	1,367	25.6	407	07.6	1,716	32.1							
2. Current Assets.....	4,002	100							975	23.4					488	09.1	
3. Non-current Security In- vestments.....	113	100							3	03.3					109	96.7	
4. Investments and Advances in Affiliated Companies— Unconsolidated.....		100															
5. Intangible Assets.....		100															
6. Deferred Charges.....	642	100							55	10.3					486	89.7	
7. Other Assets.....		100															
8. Totals.....	10,006	100	1,369	13.6	1,367	13.7	407	04.1	2,751	27.5					4,111	41.1	
Income:																	
1. Gross Revenue.....	13,147	100	2,087		659		7,935		2,423								\$40
Ratio to Total Assets.....	131.4		152.4		48.3		1,948.8		88.1								
2. Net Income Before Interest and Dividends.....	399	100	353		180		478		32								\$85
Ratio to Total Assets.....	04.0		02.6		13.2		117.6		01.2								

Italics indicate red figures.

COSDEN PETROLEUM CORPORATION

PRODUCERS AND REFINERS PETROLEUM PRODUCTS

FORT WORTH, TEXAS, *September 6, 1939.*

TEMPORARY NATL ECONOMIC COMM.,

*Congress of the United States,**Apex Building, Washington, D. C.*

(Att: Mr. Jas. R. Brackett, Executive Secretary.)

GENTLEMEN: We enclose Analysis of Consolidated Assets and Consolidated Income of the Cosden Petroleum Corporation for the fiscal year ending April 30, 1938, as requested in your letter of August 14.

Under the "Miscellaneous" column in this schedule we show investments that are not applicable to any individual department but which are used directly and indirectly by all departments as each department does not maintain a separate accounting system. These assets, of course, may be prorated to the Production, Transportation and Refining Departments.

We trust that this information will be satisfactory.

Very truly yours,

COSDEN PETROLEUM CORPORATION,
J. W. BURRELL.

JWB: ACB

Enc.

COSDEN PETROLEUM CORPORATION

Analysis of consolidated assets & consolidated income, for the fiscal year ending April 30, 1938.

	Total		Production		Transportation		Refining		Investment in inactive unconsolidated subsid		Miscellaneous	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Assets used or employed:												
Properties, Plant & Equipment.....	5,800,612.26	100.00	1,672,555.44	28.83	1,153,113.23	19.88	2,930,114.75	50.52			44,828.84	.77
Less: Reserves for Depreciation, Depletion, and Amortization.....	322,093.84	100.00	82,867.85	25.73	55,572.03	17.25	175,216.39	54.40			8,437.57	2.62
Net.....	5,478,518.42	100.00	1,589,687.59	29.02	1,097,541.20	20.03	2,754,898.36	50.29			136,391.27	.66
Current Assets.....	1,099,246.53	100.00									1,099,246.53	100.00
Non-Current Security Investments.....	8,117.19	100.00									8,117.19	100.00
Investments & Advances in Inactive Subsidiaries—unconsolidated.....	2,819.11	100.00							2,819.11	100.00		
Intangible Assets.....	17,466.53	100.00									17,466.53	100.00
Deferred Charges.....	825.00	100.00									825.00	100.00
Other Assets.....												
Totals.....	6,606,992.78	100.00	1,589,687.59	24.06	1,097,541.20	16.61	2,754,898.36	41.70	2,819.11	.04	1,162,046.52	17.59
Income:												
Gross income.....	5,938,920.93	100.00	130,232.34	2.19	403,106.50	6.79	5,323,305.49	89.72			377,228.60	1.30
Ratio to Total Assets.....	.8989		.0820		.3672		1.9341				.0665	
Net income before interest and dividends.....	137,213.07	100.00	11,148.13	8.12	156,899.58	114.34	351,082.71	255.87			3981,917.56	278.93
Ratio to Total Assets.....	.0208		.0070		.1430		.1274				.0529	

¹ Assets not applicable to individual departments.

² Non-operating income & expenses not applicable to individual departments.

DAN DANCIGER,
PresidentJOSEPH DANCIGER,
Vice PresidentJACK DANCIGER
Vice-PresidentA. DANCIGER,
Secy. & Treas.

DANCIGER OIL & REFINING CO.

A CORPORATION

Offices 14th Floor, W. T. Waggoner Bldg. Address Reply, P. O. Box 670.

FORT WORTH, TEXAS, September 6, 1939.

Re: Items 11-k(1) and 11-k(2) of the "Questionnaire for Oil Companies"

Mr. JAMES R. BRACKETT,
Executive Secretary, Temporary National Economic Committee,
Congress of the United States, Apex Building, Washington, D. C.

DEAR SIR: We wish to acknowledge receipt of your letter of August 15, 1939, requesting an analysis of the assets and income (on a consolidated basis) of this Company and its subsidiaries, classified by branches or departments engaged in production, manufacturing and refining, transportation, and marketing, for the years 1936, 1937 and 1938. We are attaching the analysis for each of the three years in question.

In order to make the departmental breakdown required in the attached statements, the following procedure was followed: Current Assets, Non-Current Security Investments, and Deferred Charges, which in general pertain to the Companies as a whole, are allocated on the three Departments on the same percentage basis as Properties, Plants and Equipment.

Total Gross Revenue, as shown in the attached statements, is after elimination of inter-company and inter-department sales. The books of each department reflect these inter-company and inter-department items. In allocating Gross Revenue to the three departments, we have ascertained the percentage which the gross revenue (including inter-company, etc., items) of each department bears to the total revenue (including inter-company, etc., items), and have applied the resulting percentages to the Gross Revenue with intercompany, etc., items eliminated.

Marketing assets are comparatively negligible in amount, and are included with Refining and Manufacturing assets. Properties, Plants and Equipment are stated at cost. Reserves for Depreciation and Depletion give effect to adjustments, made in later years, in accordance with agreements reached with the Bureau of Internal Revenue.

If further information is desired, kindly let us know.

Very truly yours,

DANCIGER OIL & REFINING COMPANY,
By G. B. MAGRUDER, JR.

CMS:H

DANCIGER OIL & REFINING COMPANY

Analysis of consolidated assets and consolidated income, classified by departments

1936

	Total		Production		Transportation		Refining and manufacturing	
	Amount	Per-cent	Amount	% of total	Amount	% of total	Amount	% of total
Assets Used or Employed:								
1. Properties, Plant and Equipment.....	\$6, 110, 323. 35	100	\$3, 415, 827. 09	56. 0	\$429, 563. 42	7. 0	\$2, 264, 932. 84	37. 0
Less: Reserves for Depreciation and Depletion.....	2, 244, 139. 48	100	1, 273, 795. 36	57. 0	175, 668. 75	7. 6	794, 675. 37	35. 4
Net.....	3, 866, 183. 87	100	2, 142, 031. 73	55. 4	253, 894. 67	6. 5	1, 470, 257. 47	38. 1
2. Current Assets.....	1, 566, 365. 88	100	877, 164. 90	56. 0	109, 645. 60	7. 0	579, 555. 38	37. 0
3. Non-Current Security Investments.....	1, 361. 75	100	762. 58	56. 0	95. 32	7. 0	503. 85	37. 0
6. Deferred Charges.....	45, 529. 95	100	25, 496. 77	56. 0	3, 187. 10	7. 0	16, 846. 08	37. 0
	\$5, 479, 441. 45	100	\$3, 045, 455. 98	55. 6	\$366, 822. 69	6. 7	\$2, 067, 162. 78	37. 7

Analysis of consolidated assets and consolidated income, classified by Departments—
Continued

1936—Continued

	Total		Production		Transportation		Refining and manufacturing	
	Amount	Per-cent	Amount	% of total	Amount	% of total	Amount	% of total
Income:								
1. Gross Revenue.....	\$6,383,861.57	100	\$3,236,617.82	50.7	\$223,435.14	3.5	\$2,923,808.61	45.8
Ratio to Total Assets.....	116.50	-----	106.23	-----	60.91	-----	141.44	-----
2. Net Income Before Interest and Dividends.....	343,918.20	100	119,781.37	34.8	4,914.15	1.4	219,222.68	63.8
Ratio to Total Assets.....	6.28	-----	3.93	-----	1.34	-----	10.6	-----

1937

Assets Used or Employed:								
1. Properties, Plant and Equipment.....	\$6,825,800.96	100	\$3,951,476.71	57.9	\$428,464.67	6.3	\$2,445,859.58	35.8
Less: Reserves for Depreciation and Depletion.....	2,734,157.45	100	1,500,439.95	54.9	212,932.54	7.8	1,020,784.96	37.3
Net.....	4,091,643.51	100	2,451,036.76	59.9	215,532.13	5.3	1,425,074.62	34.8
2. Current Assets.....	1,717,621.56	100	994,502.87	57.9	108,210.16	6.3	614,908.53	35.8
3. Non-Current Security Investments.....	4,958.98	100	2,871.25	57.9	312.42	6.3	1,775.31	35.8
6. Deferred Charges.....	36,036.79	100	20,865.30	57.9	2,270.32	6.3	12,901.17	35.8
	\$5,850,260.84	100	\$3,469,276.18	59.3	\$326,325.03	5.6	\$2,054,659.63	35.1
Income:								
1. Gross Revenue.....	\$7,487,919.10	100	\$3,661,592.44	48.9	\$224,637.57	48.1	\$3,601,639.09	3.0
Ratio to Total Assets.....	127.99	-----	105.54	-----	63.84	-----	175.29	-----
2. Net Income Before Interest and Dividends.....	393,645.40	100	183,930.62	48.0	19,438.96	47.1	185,275.82	4.9
Ratio to Total Assets.....	6.73	-----	5.45	-----	5.96	-----	9.02	-----

1938

Assets Used or Employed:								
1. Properties, Plants and Equipment.....	\$6,986,685.63	100	\$4,072,049.13	58.3	\$413,637.64	5.9	\$2,500,998.86	35.8
Less: Reserves for Depreciation and Depletion.....	3,151,684.78	100	1,658,917.52	52.6	243,501.10	7.7	1,249,266.16	39.7
Net.....	3,835,000.85	100	2,413,131.61	62.9	170,136.54	4.4	1,251,732.70	32.7
2. Current Assets.....	1,932,865.27	100	1,126,860.44	58.3	114,039.05	5.9	691,995.78	35.8
3. Non-Current Security Investments.....	1,261.75	100	735.60	58.3	74.44	5.9	451.71	35.8
6. Deferred Charges.....	19,902.86	100	11,603.37	58.3	1,174.27	5.9	7,125.22	35.8
	\$5,789,030.73	100	\$3,552,331.02	61.4	\$285,424.30	4.9	\$1,951,275.41	33.7
Income:								
1. Gross Revenue.....	\$6,794,471.35	100	\$3,349,674.38	49.3	\$115,506.01	1.7	\$3,329,290.96	49.0
Ratio to Total Assets.....	117.37	-----	94.30	-----	40.47	-----	170.62	-----
2. Net Income Before Interest and Dividends.....	132,277.72	-----	143,933.17	-----	10,224.02	-----	265,916.86	-----
Ratio to Total Assets.....	2.23	-----	4.05	-----	3.61	-----	13.63	-----

HICKOK OIL CORPORATION

Analysis of consolidated assets and consolidated income, classified by branches or departments

JUNE 30, 1936

	Total		Domestic Petroleum Branches								Foreign Petroleum Branches		Investments in Unconsolidated Petroleum Affiliates		General Investments	
			Production		Transportation		Refining and Manufacturing		Marketing							
	Amount	Per- cent	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Assets Used or Employed:																
1 Property, plant and equipment.....	\$11,922,312.21	100	\$373,848.10	3.14	\$38,588.79	.32	\$553,365.78	4.64	\$10,956,509.54	91.90						
Less: Reserves for depreciation, depletion and amortization.....	3,342,408.50	100	176,006.38	5.27	1,973.61	.05	493,508.30	14.77	2,670,920.21	79.91						
Net.....	\$8,579,903.71	100	\$197,841.72	2.31	\$36,615.18	.43	\$59,857.48	.70	\$8,285,589.33	96.56						
2 Current assets.....	3,911,726.84	100	1,895.47	.05	4,377.22	.11	10,445.74	.27	3,895,008.41	99.57						
3 Non-current security investments.....		100														
4 Investments and advances in affiliated companies unconsolidated.....	15,000.00	100									\$15,000.00	100				
5 Intangible assets.....	906,512.91	100							906,512.91	100						
6 Deferred charges.....	209,637.60	100	3,277.53	1.56	452.23	.22	2,391.43	1.14	203,416.41	97.08						
7 Other assets.....	295,128.42	100	4,047.80	1.37	521.00	.18	1,540.14	.52	271,616.48	92.03					\$17,403.00	5.90
8 Totals.....	\$13,917,809.48	100	\$207,062.52	1.49	\$41,965.63	.30	\$74,234.79	.53	\$13,562,143.54	97.44	(1)		\$15,000.00	.11	\$17,403.00	.13
Income:																
1 Gross revenue.....	\$25,306,838.63	100	\$29,288.82	.12	\$15,023.22	.04	\$90,425.50	.36	\$25,172,996.59	99.48					\$4.50	
Ratio to Total Assets.....	1.82 to 1		.141 to 1		.368 to 1		1.22 to 1		1.86 to 1							
2 Net income before interest and dividends.....	\$1,791,659.41	100	\$23,074.42	1.29	\$400.00	.02	\$1,286.68	.07	\$1,815,616.01	101.34					\$4.50	
Ratio to Total Assets.....	.129 to 1		.111 to 1		.009 to 1		.017 to 1		.134 to 1							

¹ The assets used or employed by a foreign branch and income therefrom are included under the classification of domestic marketing. The assets used or employed by a foreign branch approximates .28% of the combined total assets. The foreign branch operates but two filling stations.

Analysis of consolidated assets and consolidated income, classified by branches or departments—Continued

JUNE 30, 1937

	Total		Domestic Petroleum Branches						Foreign Petroleum Branches		Investments in Unconsolidated Petroleum Affiliates		General Investments	
	Amount	Per- cent	Production		Transportation		Refining and Manufacturing		Marketing		Amount	% of total	Amount	% of total
Assets used or employed:														
1 Property, plant and equipment.....	\$12,890,803.70	100	\$387,714.49	3.01	\$39,833.89	.31	\$557,189.56	4.32	\$11,906,065.76	92.36				
Less: Reserve for depreciation, depletion and amortization.....	3,626,192.09	100	204,291.46	5.63	4,283.85	.12	501,776.71	13.84	2,915,895.37	80.41				
Net.....	\$9,264,611.61	100	\$183,423.03	1.98	\$35,605.34	.38	\$55,412.85	.60	\$8,990,170.39	97.04				
2 Current assets.....	4,043,914.20	100	9,483.37	.23	1,259.63	.03	12,044.43	.30	4,021,126.77	99.44				
3 Non-current security investments.....		100												
4 Investments and advances in affiliated companies unconsolidated.....	5,000.00	100									5,000.00	100		
5 Intangible assets.....	757,414.80	100							757,414.80	100				
6 Deferred charges.....	202,294.09	100	3,353.07	1.66	784.64	.39	4,160.33	2.06	193,906.05	95.89				
7 Other assets.....	701,967.77	100	2,127.10	.30			61.92	.01	691,098.75	98.45			8,680.00	1.24
8 Totals.....	\$14,975,202.47	100	\$198,386.57	1.32	\$37,649.61	.25	\$71,679.53	.48	\$14,653,806.76	97.86	(1)	.03	\$8,680.00	.06
Income:														
1 Gross revenue.....	\$21,421,585.20	100	\$29,235.63	.14	\$17,760.75	.08	\$92,067.50	.43	\$21,282,466.82	99.35			\$4.50	
Ratio to Total Assets.....	1.43 to 1		.148 to 1		.472 to 1		1.28 to 1		1.45 to 1					
2 Net income before interest and dividends.....	\$2,080,480.16	100	\$43,093.25	2.07	1,485.32	.07	\$7,379.56	.35	\$2,114,648.63	101.65			\$4.50	
Ratio to Total Assets.....	.139 to 1		.217 to 1		.039 to 1		.103 to 1		.144 to 1					

LION OIL REFINING COMPANY
Analysis of consolidated assets and consolidated income classified by departments

YEAR 1936

	Total Investment		(1) Domestic Petroleum Departments								(2) General Invest- ment		(3) Miscellaneous	
			(a) Production		(b) Transportation		(c) Refining & Man- ufacturing		(d) Marketing					
	Amount	Per Cent	Amount	Per Cent	Amount	Per Cent	Amount	Per Cent	Amount	Per Cent	Amount	Per Cent		
Assets Used or Employed:														
1. Property, plant and equipment.....	\$12,887,571	100	\$7,086,524	55	\$1,853,875	14	\$2,754,084	22	\$966,030	7			\$227,078	2
Less: Reserve for depreciation, deple- tion and amortization.....	7,172,197	100	4,853,954	68	1,012,876	14	1,179,299	16	38,180	1			87,888	1
Net.....	\$5,715,374	100	\$2,232,570	39	\$840,999	15	\$1,574,765	28	\$927,850	16			\$139,190	2
2. Current assets.....	2,807,119	100	283,299	9	26,675	1	931,291	33	565,281	20			971,153	35
3. Non-Current security investments.....	35,800	100											35,800	100
4. Intangible assets.....	179,252	100					179,252	100						
5. Deferred charges.....	75,159	100							9,935	13			65,224	87
6. Other assets.....														
Totals.....	\$8,812,704	100	\$2,495,869	28	\$867,674	10	\$2,685,308	31	\$1,503,066	17	\$35,220	1	\$1,175,567	13
Income:														
1. Gross revenue.....	\$13,565,842	100	\$1,037,902	8	\$2,613,558	19	\$5,227,460	39	\$4,686,722	34				
Ratio to total assets.....	1.54		.42		3.01		1.95		3.12					
2. Net income before interest and divi- dends.....	631,436	100	405,546	64	100,568	16	370,855	59	13,063	2			\$32,470	37
Ratio to total assets.....	.07		.16		.12		.14		.01				.20	

YEAR 1937

	\$18,912,263	100	\$12,763,318	67	\$1,815,336	10	\$2,828,623	15	\$1,174,841	6		\$330,135	2
Assets Used or Employed:													
1. Properties, plant and equipment.....													
Less: Reserve for depreciation, depletion and amortization.....													
	9,162,887	100	6,428,574	72	978,065	11	1,296,503	14	122,892	1		136,853	2
Net.....													
2. Current assets.....	\$9,749,366	100	\$6,134,744	63	\$837,271	8	\$1,632,120	16	\$1,051,949	11		\$193,282	2
3. Non-Current security investments.....	3,334,296	100	399,224	12	34,398	1	1,571,178	47	627,575	19	\$61,684	640,337	19
Intangible assets.....	96,131	100			162,131						96,131	100	
Deferred charges.....	162,180	100					162,180	100					
Other assets.....	375,874	100							30,677	8		345,197	92
Totals.....	\$13,717,847	100	\$6,533,968	48	\$871,669	6	\$3,265,478	24	\$1,710,201	12	\$157,715	\$1,178,816	9
Income:													
1. Gross revenue.....	\$15,952,228	100	\$2,608,904	16	\$1,180,420	7	\$6,778,921	43	\$5,383,983	34			
Ratio to total assets.....	1.16		.40		1.35		2.08		3.15				
2. Net income before interest and dividends.....	1,101,071	100	743,180	67	75,671	7	492,538	45	6,371	1		203,947	18
Ratio to total assets.....	.08		.11		.09		.15					.17	

YEAR 1938

Assets Used or Employed:												
1. Properties, plant and equipment.....	\$22,359,414	100	\$15,445,733	69	\$1,899,002	8	\$3,180,805	14	\$1,408,573	7		\$305,241
Less: Reserve for depreciation, depletion and amortization.....	9,889,397	100	6,996,895	71	1,069,984	11	1,424,218	14	225,955	2		172,345
Net.....	\$12,470,017	100	\$8,448,838	68	\$829,018	7	\$1,756,647	14	\$1,242,618	10		\$192,896
2. Current assets.....	4,174,006	100	659,255	16	18,534		1,462,871	35	626,005	15	\$117,605	1,289,736
3. Non-Current security investments.....	290,010	100									290,010	31
4. Intangible assets.....	145,109	100										100
5. Deferred charges.....	363,723	100					145,109	100				
6. Other assets.....									36,371	10		327,352
												90
Totals.....	\$17,442,865	100	\$9,108,093	53	\$847,552	5	\$3,364,627	19	\$1,904,994	11	\$407,615	\$1,809,984
Income:												
1. Gross revenue.....	\$16,064,985	100	\$3,533,781	22	\$920,268	6	\$7,594,852	47	\$4,016,084	25		
Ratio to total assets.....	.92		.39		1.09		2.26		2.11			
2. Net income before interest and dividends.....	1,183,269	100	1,316,809	111	192,421	16	23,563	2	13,275	1		239,325
Ratio to total assets.....	.07		.14		.23		.01		.01			.16

¹ Before inter-departmental eliminations.

1937

2. Net Income Before Interest and Dividends—Ratio to Total Assets	Before Fed. Inc. Tax		4	46	1,117,108.41	14	914,195.83	9	None	\$79,032.98	7	\$92,000.00	\$472,367.81
	564,367.81	27											
Assets Used or Employed:													
1. Properties, Plant and Equipment—Less: Reserve for Depreciation, Depletion and Amortization	\$29,332,579.74	100	\$9,201,669.42	31	\$5,713,335.15	20	\$10,835,305.56	37	None			None	None
2. Net	17,292,353.63	100	6,847,151.02	39	(See Mkt.)		11,477,828.09	43	None			None	None
3. Current Assets	12,040,226.11	100	2,354,518.40	20	5,713,335.15	47	3,357,477.47	28	None			None	None
4. Non-current Security Investments and Advances in Affiliated Companies—Unconsolidated	7,049,511.61	100	186,067.53	2	2,330,426.88	33	3,293,518.65	47	None	\$1,209,498.55	18	None	None
5. Intangible Assets	1,670,000.00	100	do.		do.		do.		None			None	None
6. Deferred Charges	112,542.78	100	927.02	2	8,750.00	7	1,670,000.00	100	None			None	None
7. Other Assets	246,728.79	100	4,000.00	2	do.		102,865.76	91	None			None	None
8. Totals	\$21,119,009.29	100	\$2,544,585.93	12	\$8,052,512.03	38	\$8,672,590.67	41	None	\$1,209,498.55	6	None	
Income:													
1. Gross Revenue—Ratio to Total Assets	\$25,112,672.07		\$790,677.83		\$11,653,474.09		\$11,989,016.42						
2. Net Income Before Interest and Dividends—Ratio to Total Assets	119		31	106		144		138		\$72,012.50			
	101,463.14		176,965.82		650,311.13		1,050,146.84			72,012.50		\$863.53	\$100,599.61
		4	6	41		8		12			6		
After Fed. Inc. Tax													
Fed. Inc. Tax													
Other Income													
After Fed. Inc. Tax													

¹ Reserve for Refineries included in Marketing as per our Books.
² Includes Inter-Company Shipments.

	Before Fed. Inc. Tax									Other Income		Fed. Inc. Tax	After Fed. Inc. Tax
Income:													
1. Gross Revenue	\$24,454,861.32	\$671,656.72	\$659,858.36	\$9,853,001.09	\$13,270,345.15					\$81,433.86			
Ratio to Total Assets	118	28		105	125	155							
2. Net Income Before Interest and Dividends	528,449.32	\$,513.01	254,738.35	443,705.64	417,601.98					81,433.86	\$1,300.00	\$529,749.32	
Ratio to Total Assets	3			41	6	4							

† Reserve for Refineries included in Marketing as per our Books.

‡ Includes Inter-Company Shipments.

PLYMOUTH OIL COMPANY & BIG LAKE OIL COMPANY
Analysis of consolidated assets and consolidated income

YEAR ENDING 12-31-36

	Total		Production Branch		Investments in Unconsolidated Petroleum Affiliates		General Investments	
	Amount	Per cent	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
Assets used or employed:								
Leases, Development & Equipment	17,024,411.67	100	17,024,411.67	100				
Less: Reserves for Depreciation & Depletion	9,187,947.44	100	9,187,947.44	100				
Net	7,836,464.23	100	7,836,464.23	100				
Current Assets	1,861,193.40	100	1,861,193.40	100				
Non Current Investment (Mortgage Receivable)	4,500.00	100					4,500.00	100
Excess of the Par Value of Plymouth Oil Company's Capital Stock over the Par Value of the Capital Stock of Big Lake Oil Company and Oil and Gas Leases for which such Plymouth stock was issued	2,250,000.00	100	2,250,000.00	100				
Cash Payments in addition thereto	458,080.09	100	458,080.09	100				
Total	2,708,080.09	100	2,708,080.09	100				
Investment and Advances in Affiliated Companies—Unconsolidated:								
Reagan County Purchasing Co., Inc. Stock carried at a nominal value	1.00	100			1.00	100		
Loring Oil Company Stock	743,050.00	100			743,050.00	100		
Loring Oil Company Notes & Accounts Receivable	163,816.02	100			163,816.02	100		
Republic Oil Refining Co. Stock	312,500.00	100			312,500.00	100		
Total	1,219,367.02	100			1,219,367.02	100		
General Investments:								
San Angelo National Bank Stock	3,500.00	100					3,500.00	100
Cosden Oil Corporation Bonds	30,383.06	100					30,383.06	100
Total	33,883.06	100					33,883.06	100
Deferred Charges	916,429.79	100	916,429.79	100				
Other Assets								
Special Reserve Fund	36,225.00	100	36,225.00	100				
Totals	14,616,142.59	100	13,358,392.51	91	1,219,367.02	9	38,883.06	0

Income:						
Gross Revenue	5, 440, 086.89	100	5, 303, 586.89	97	136, 500. 00	3
Ratio to Total Assets Employed	%	37	40		11	
Net Income before Dividends	1, 957, 364. 08		1, 821, 364. 08		136, 500. 00	
Add: Interest Paid Included in above	77, 745. 31		77, 745. 31			
Net Income before Interest & Dividends	2, 035, 609. 39	100	1, 899, 109. 39	93	136, 500. 00	7
Ratio to Total Assets Employed	%	14	14		11	
Net Income Applicable to Plymouth Oil Company before Interest & Dividends	1, 817, 426. 96	100	1, 708, 489. 46	94	108, 937. 50	6
Ratio to Total Assets Employed	%	12	13		9	

YEAR ENDING 12-31-37

[illegible]

Analysis of consolidated assets and consolidated income—Continued

YEAR ENDING 12-31-37—Continued

	Total		Production Branch		Investments in Unconsolidated Petroleum Affiliates		General Investments	
	Amount	Percent	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
Income:								
Gross Revenue.....	7,687,052.74	100	7,473,548.90	97	213,075.00	3	428.75	0
Ratio to Total Assets Employed.....	43		51		16		1	
Net Income before Dividends.....	3,180,500.89		2,967,006.14		213,075.00		428.75	
Add: Interest Paid included in above.....	99,884.09		99,884.09					
Net Income before Interest & Dividends.....	3,280,384.98	100	3,066,890.23	93	213,075.00	7	428.75	0
Ratio to Total Assets Employed.....	21		21		16		1	
Net Income Applicable to Plymouth Oil Company before Interest & Dividends.....	3,035,226.26	100	2,843,803.76	94	191,025.00	6	397.50	0
Ratio to Total Assets Employed.....	19		20		14		1	
YEAR ENDING 12-31-38								
Assets Used or Employed:								
Leases, Development & Equipment.....	19,775,920.84	100	19,775,920.84	100				
Less: Reserves for Depreciation & Depletion.....	10,867,697.74	100	10,867,697.74	100				
Net.....								
Current Assets.....	8,908,223.10	100	8,908,223.10	100				
Non-Current Investment (Mortgage Receivable).....	2,010,911.16	100	2,010,911.16	100				
Excess of Investment over Net Tangible Assets of Subsidiary Acquired.....	4,500.00	100					4,500.00	100
Less: Reserve for Amortization.....	1,958,080.09	100	1,958,080.09	100				
Net.....	1,591,480.33	100	1,591,480.33	100				
Investment and Advances in Affiliated Companies—Unconsolidated:								
Reagan County Purchasing Co., Inc. Stock carried at a nominal value.....	366,599.76	100	366,599.76	100				
Loring Oil Company Stocks.....								
Loring Oil Company Notes & Accounts Receivable.....	1.00	100			1.00	100		
Republic Oil Refining Co. Stocks.....	743,050.00	100			743,050.00	100		
Total.....	171,573.30	100			171,573.30	100		
	637,500.00	100			637,500.00	100		
	1,552,124.30	100			1,552,124.30	100		

General Investments:			
San Angelo National Bank Stock	100	3,500.00	100
Cosden Petroleum Corporation Bonds	100	6,000.00	100
Cosden Petroleum Corporation Stocks	100	24,353.06	100
Total	100	33,853.06	100
Deferred Charges	100	67,493.51	100
Totals	100	12,943,734.89	100
Income:			
Gross Revenue	100	7,316,526.16	100
Ratio to Total Assets Employed	99	7,234,376.16	99
Net Income before Dividends	97	2,714,591.86	97
Add: Interest Paid included in above	5	86,382.21	5
Net Income before Interest & Dividends	97	82,075.00	97
Ratio to Total Assets Employed	22	82,075.00	22
Net Income Applicable to Plymouth Oil Company before Interest & Dividends	98	61,556.25	98
Ratio to Total Assets Employed	23	61,556.25	23
Income:			
Gross Revenue	100	3,500.00	100
Ratio to Total Assets Employed	99	6,000.00	99
Net Income before Dividends	97	24,353.06	97
Add: Interest Paid included in above	5	33,853.06	5
Net Income before Interest & Dividends	97	1,552,124.30	97
Ratio to Total Assets Employed	22	82,075.00	22
Net Income Applicable to Plymouth Oil Company before Interest & Dividends	98	82,075.00	98
Ratio to Total Assets Employed	23	75.00	23
Income:			
Gross Revenue	100	3,500.00	100
Ratio to Total Assets Employed	99	6,000.00	99
Net Income before Dividends	97	24,353.06	97
Add: Interest Paid included in above	5	33,853.06	5
Net Income before Interest & Dividends	97	1,552,124.30	97
Ratio to Total Assets Employed	22	82,075.00	22
Net Income Applicable to Plymouth Oil Company before Interest & Dividends	98	82,075.00	98
Ratio to Total Assets Employed	23	75.00	23
Income:			
Gross Revenue	100	3,500.00	100
Ratio to Total Assets Employed	99	6,000.00	99
Net Income before Dividends	97	24,353.06	97
Add: Interest Paid included in above	5	33,853.06	5
Net Income before Interest & Dividends	97	1,552,124.30	97
Ratio to Total Assets Employed	22	82,075.00	22
Net Income Applicable to Plymouth Oil Company before Interest & Dividends	98	82,075.00	98
Ratio to Total Assets Employed	23	75.00	23
Income:			
Gross Revenue	100	3,500.00	100
Ratio to Total Assets Employed	99	6,000.00	99
Net Income before Dividends	97	24,353.06	97
Add: Interest Paid included in above	5	33,853.06	5
Net Income before Interest & Dividends	97	1,552,124.30	97
Ratio to Total Assets Employed	22	82,075.00	22
Net Income Applicable to Plymouth Oil Company before Interest & Dividends	98	82,075.00	98
Ratio to Total Assets Employed	23	75.00	23
Income:			
Gross Revenue	100	3,500.00	100
Ratio to Total Assets Employed	99	6,000.00	99
Net Income before Dividends	97	24,353.06	97
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Ratio to Total Assets Employed	23	75.00	23
Income:			
Gross Revenue	100	3,500.00	100
Ratio to Total Assets Employed	99	6,000.00	9

4. Investments & advances—Affiliated companies—unconsolidated	117,944.34	100		23.10	19,082.48	.161	\$1,675.00	.014	97,183.76	.823
5. Intangible Assets	6,892.00	100			6,892.00				7,972.50	.049
6. Deferred charges	159,564.47	100	.005	93,062.71	.583				2,640.32	.004
7. Other Assets	531,802.80	100		5,404.01	.01					
8. Totals	\$18,358,167.89			\$8,611,127.97			\$1,675.00		\$444,670.26	
Income:										
1. Gross Revenue	\$30,557,199.57	100	.0009	\$470,406.37	.0154	.9830			\$20,363.35	.0007
2. Ratio to Total Assets	1.6645		.0002	.0257		1.6385			.0001	
2. Net Income before Interest and Dividends	1,045,606.15	100	.0012	357,800.65	.3422	1.0287			\$38,603.44	.3697
Ratio to Total Assets	.0569		.0195			.0585			.0211	

YEAR 1938

Assets Used or Employed:										
1. Properties, Plant & Equipment	\$16,254,618.26	100	.03	\$10,452,673.79	.643	\$5,299,301.43	.326			
Less: Reserves for depreciation, depletion and amortization	7,474,642.44	100	.02	5,297,953.22	.708	2,090,015.31	.27			
2. Current Assets	8,151,119.18	100	.0019	2,599,634.76	.318	4,618,480.32	.566		\$917,401.70	.112
3. Non-current Security Investments										
4. Investments and advances—Affiliated Companies—unconsolidated	62,295.25	100		23.10		8,413.39	.135	\$1,675.00	.026	.837
5. Intangible Assets	6,520.00	100				6,520.00			7,755.00	.039
6. Deferred charges	196,397.07	100	.014	106,776.56	.543	78,998.55	.402		1,686.88	.002
7. Other Assets	596,173.06	100		4,680.49	.007	589,805.69	.989			
8. Totals	\$17,792,480.38			\$7,865,830.38		\$8,581,515.07		\$1,675.00	\$979,027.34	
Income:										
1. Gross Revenue	\$24,925,148.32	100	.0009	\$431,190.29	.0173	\$24,469,777.80	.9817		\$2,132.89	.0001
Ratio to Total Assets	1.4009		.0012	.0242		1.3753			.0002	
2. Net Income before Interest and Dividends	539,825.54	100	.0035	121,561.02	.2252	1,096,280.39	2.0308		490,284.53	.7971
Ratio to Total Assets	.0303		.0003	.0003		.0616			.0212	

¹ In referring to domestic and foreign petroleum "branches," the term "branches" means "companies." A domestic company is one that is incorporated in the United States even though some of its operations are foreign operations. A foreign company is one that is not incorporated in the United States even though some of its operations are domestic operations.

² Includes parent company and all domestic subsidiaries engaged in the petroleum industry.

³ Includes all foreign subsidiaries engaged in the petroleum industry.

Italics indicate red figures.

REPUBLIC OIL REFINING COMPANY

Analysis of consolidated assets and consolidated income

DECEMBER 31, 1936.

	Total		C. Refining and Manufacturing		D. Marketing	
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Assets Used or Employed:						
1. Properties, Plant and Equipment.....	\$1,520,000.00	100	\$1,466,000.00	96.45	\$54,000.00	3.55
Less Reserve for Depreciation.....	518,000.00	100	490,000.00	94.60	28,000.00	5.40
Net.....	1,002,000.00	100	976,000.00	97.40	26,000.00	2.60
2. Current Assets.....	1,949,000.00	100	1,645,000.00	84.40	304,000.00	15.60
3. Non-Current Security Investment.....		100				
4. Investments and Advances in Affiliates Companies—Nonconsolidated.....		100				
5. Intangible Assets.....		100				
6. Deferred Charges.....	27,000.00	100	27,000.00	100		
7. Other Assets.....		100				
8. Totals.....	2,978,000.00	100	2,648,000.00	88.92	330,000.00	11.08
Income:						
1. Gross Reserve.....	8,966,000.00	100	5,032,000.00	56.12	3,934,000.00	43.88
Ratio to Total Assets.....	3 to 1		1.9 to 1		11.92 to 1	
2. Net Income before Interest and Dividends.....	123,000.00	100	123,000.00	100		
Ratio to Total Assets.....	1 to 24		1 to 21.52			

DECEMBER 31, 1937.

	Total		C. Refining and Manufacturing		D. Marketing	
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Assets Used or Employed:						
1. Properties, Plant and Equipment.....	\$1,728,000.00	100	\$1,693,000.00	97.98	\$35,000.00	2.02
Less Reserve for Depreciation.....	669,000.00	100	656,000.00	98.06	13,000.00	1.94
Net.....	1,059,000.00	100	1,037,000.00	97.92	22,000.00	2.08
2. Current Assets.....	3,033,000.00	100	2,571,000.00	84.77	462,000.00	15.23
3. Non-Current Security Investment.....		100				
4. Investment and Advances in Affiliates Companies—Unconsolidated.....	25,000.00	100	25,000.00			
5. Intangible Assets.....		100				
6. Deferred Charges.....	30,000.00	100	30,000.00			
7. Other Assets.....		100				
8. Totals.....	4,147,000.00	100	3,663,000.00	88.33	484,000.00	11.67
Income:						
1. Gross Revenue.....	12,357,000.00	100	8,255,000.00	66.80	4,102,000.00	33.20
Ratio to Total Assets.....	2.97 to 1		2.25 to 1		8.47 to 1	
2. Net Income before Interest and Dividends.....	384,000.00	100	384,000.00	100		
Ratio to Total Assets.....	1 to 10.8		1 to 9.53			

DECEMBER 31, 1938.

	Total		C. Refining and Manufacturing		D. Marketing	
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Assets Used or Employed:						
1. Properties, Plant and Equipment.....	\$2,235,000.00	100	\$2,208,000.00	98.79	\$27,000.00	1.21
Less Reserve for Depreciation.....	829,000.00	100	813,000.00	98.06	16,000.00	1.94
Net.....	1,406,000.00	100	1,395,000.00	99.21	11,000.00	.79
2. Current Assets.....	4,400,000.00	100	3,976,000.00	90.36	424,000.00	9.64
3. Non-Current Security Investment.....						
4. Investment and Advances in Affiliated Companies, Unconsolidated.....	56,000.00	100	56,000.00	100		
5. Intangible Assets.....						
6. Deferred Charges.....	20,000.00	100	20,000.00			
7. Other Assets.....						
8. Total.....	5,882,000.00	100	5,447,000.00	92.60	435,000.00	7.40
Income:						
1. Gross Revenue.....	16,810,000.00	100	12,912,000.00	76.81	3,898,000.00	23.19
Ratio to Total Assets.....	2.85 to 1		2.37 to 1		8.96 to 1	
2. Net Loss before Interest and Dividends.....	-353,000.00		-353,000.00			
Ratio to Total Assets.....	1 to 16.66		1 to 15.43			

RICHFIELD OIL CORPORATION

Analysis of consolidated assets and consolidated income (stated in units of \$50,000)

YEAR 1937

	Total		(a) Production		(b) Transportation		(c) Refining & manufacturing		(d) Marketing		(e) Head office building		(f) Unallocated	
	Amount	Per-cent	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Assets Used or Employed As at December 31, 1937:														
1. Properties, Plant & Equipment	\$53,500,000		\$17,850,000		\$8,900,000		\$15,550,000		\$8,700,000		\$2,050,000		\$450,000	
Less: Reserve for Depreciation and Depletion	3,500,000		1,800,000		500,000		700,000		450,000		50,000			
Net	\$50,000,000	100	\$16,050,000	32.10	\$8,400,000	16.80	\$14,850,000	29.70	\$8,250,000	16.50	\$2,000,000	4.00	\$450,000	.90
2. Current Assets—Less Reserves	\$34,650,000	100	\$700,000	2.02	\$750,000	2.16	\$9,550,000	27.56	\$5,800,000	16.74			\$17,850,000	51.52
3. Miscellaneous Investments and Advances—Less Reserves	450,000	100	250,000	55.56					50,000	11.11			150,000	33.33
4. Intangible Assets	100,000	100	250,000	12.82	100,000	5.13	300,000	15.38	300,000	15.38			100,000	100.00
5. Deferred Charges	1,950,000	100	250,000	12.82	100,000	5.13	300,000	15.38	300,000	15.38			1,000,000	51.29
Totals	\$87,150,000	100	\$17,250,000	19.79	\$9,250,000	10.61	\$24,700,000	28.34	\$14,400,000	16.52	\$2,000,000	2.30	\$19,550,000	22.44
Income for Period March 13, 1937 to December 31, 1937:														
1. Gross Revenue	\$35,100,000	100	\$200,000	.57	\$1,400,000	3.99			\$33,450,000	95.30			\$50,000	.14
Ratio to Total Assets	40.28		1.16		15.14				232.29				.26	
2. Net Income Before Interest and Dividends	\$1,700,000	100	\$50,000	2.94	\$450,000	26.47	\$250,000	14.71	\$2,450,000	144.12	\$100,000	5.88	\$1,600,000	94.12
Ratio to Total Assets	1.95		.29		4.86		1.01		17.01		5.00		8.18	

YEAR 1938

	Total		(a) Production		(b) Transportation		(c) Refining & manufacturing		(d) Marketing		(e) Head office building		(f) Unallocated	
	Amount	Per-cent	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Assets Used or Employed as at December 31, 1938:														
1. Properties, Plant and Equipment	\$63,150,000		\$21,750,000		\$9,300,000		\$20,300,000		\$9,350,000		\$2,050,000		\$400,000	
Less: Reserves for Depreciation and Depletion	8,600,000		4,650,000		1,100,000		1,750,000		950,000		100,000		50,000	
Net	\$54,550,000	100	\$17,100,000	31.35	\$8,200,000	16.03	\$18,550,000	34.01	\$8,400,000	15.40	\$1,950,000	3.57	\$350,000	.64

See footnotes at end of table.
Italics denote red figures.

Analysis of consolidated assets and consolidated income (stated in units of \$50,000)—Continued

YEAR 1937

	Total		(a) Production		(b) Transportation		(c) Refining & manufacturing		(d) Marketing		(e) Head office building		(f) Unallocated	
	Amount	Per-cent	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Assets Used or Employed as at December 31, 1936—Continued.														
2. Current Assets—Less Reserves.....	32,050,000	100	600,000	1.87	900,000	2.81	12,150,000	37.91	6,650,000	20.75			11,750,000	36.66
3. Miscellaneous Investments and Advances—Less Reserves.....	400,000	100	200,000	50.00					50,000	12.50			150,000	37.50
4. Intangible Assets.....	100,000	100											100,000	100.00
5. Deferred Charges.....	2,050,000	100	150,000	7.32	100,000	4.88	350,000	17.07	300,000	14.63			1,150,000	56.10
6. Totals.....	\$89,150,000	100	\$18,050,000	20.25	\$9,200,000	10.32	\$31,050,000	34.83	\$15,400,000	17.27	\$1,950,000	2.19	\$13,500,000	15.14
Income for Year 1936:														
1. Gross Revenue ¹	\$40,700,000	100	\$400,000	.98	\$1,900,000	4.67			\$38,400,000	94.35				
Ratio to Total Assets.....%	45.65		2.22		20.65				249.35					
2. Net Income Before Interest and Dividends ²	2,400,000	100	150,000	6.25	500,000	20.83	\$100,000	4.17	3,200,000	133.33			\$1,550,000	64.58
Ratio to Total Assets.....%	2.94		.83		5.43		.32		20.78				11.48	

¹ Assets specifically used in a particular department of the business have been allocated to that department in the above statement. Assets listed under the column "Unallocated" are of such nature that they have not been, and cannot be, equitably allocated to any particular department. Such "Unallocated" assets consist principally of furniture and fixtures used interchangeably by various departments; non-operating real estate, which may eventually be utilized by one of several departments; cash, the ultimate utilization of which cannot now be determined; unamortized debt discount and miscellaneous prepaid items for the benefit of all departments.

² Richfield Oil Corporation commenced business on March 13, 1937. Richfield Oil Corporation is primarily an operating company and, although certain of its activities were carried on through subsidiary companies, the majority of which were liquidated during this period, the principal operations are conducted through departments of the corporation. The Production, Transportation and Refining Departments of the corporation are generally conducted on a cost basis; that is, the costs of operating these departments, with the exception of capital gains and losses and other minor items, are eventually allocated to the cost of products charged to the Marketing Department. The amounts shown opposite "Gross Revenue" arise from transactions with persons other than the corporation and are in the aggregate equal to the consolidated gross revenue of the corporation and its subsidiaries. It is obvious that the ratio of departmental revenue to total revenue and to total departmental assets is therefore meaningless.

³ As explained in Note 3, the principal operations of Richfield Oil Corporation are conducted through departments of the corporation generally on a cost basis. The amount shown opposite the caption "Net Income Before Interest and Dividends" includes (a) for active subsidiaries of the corporation, net income before interest from all transactions as reflected by the accounts of such subsidiaries, (b) for departments of the corporation, net income derived from transactions with persons other than the corporation, together with capital gains or losses and other minor items, and (c) general administrative expense, Federal income taxes, debenture discount and other corporate expenses not applicable to specific departments of the business reported under the column "Unallocated." For the reasons stated above, the ratio of departmental net income to total income and to departmental assets is meaningless.

Italics indicate red figures.

Analysis of consolidated assets and consolidated income, classified by branches or departments

YEAR 1936

CONCENTRATION OF ECONOMIC POWER

10207

	Total		Production		Gas Wells & Lines Gasoline Plants		Refining and Manufacturing		Marketing		Investments in Unconsolidated Petroleum Affiliates		General Investment		Miscellaneous	
	Amount	Per-Cent	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Assets Used or Employed:																
1. Properties, Plant and Equipment.....	\$124,614,331.89	100	\$97,639,380.57	78.35	\$11,503,043.71	9.23	\$6,383,055.00	5.12	\$9,088,852.61	7.30						
Less Reserves.....	103,607,639.10	100	85,751,922.46	82.77	9,388,717.21	9.06	4,560,593.00	4.40	3,906,406.43	3.77						
Net.....	21,006,692.79	100	11,887,458.11	56.59	2,114,326.50	10.06	1,822,462.00	8.68	5,182,446.18	24.67						
2. Current Assets.....	17,192,357.11	100	4,493,036.41	26.13	80,675.93	.47	2,781,556.00	16.18	9,836,988.77	57.22						
3. Non-current Security Investments.....	1,327,753.53	100			999,500.00	75.28							\$328,253.53	24.72		
4. Investments and Advances in Affiliated Companies—Unconsolidated.....	4,269,820.77	100									4,269,820.77	100.00			115,118.00	100.00
5. Intangible Assets.....	115,118.00	100														
6. Deferred Charges.....	182,637.04	100	6,327.62	3.47					175,759.42	96.53					90,792.15	100.00
7. Other Assets.....	90,792.15	100														
8. Totals.....	\$44,184,626.39	100	\$16,386,822.14	37.09	\$3,194,502.43	7.23	\$4,604,118.00	10.42	\$15,195,194.37	34.39	\$4,269,820.77	9.66	\$328,253.53	.74	\$205,910.15	.47
Income:																
1. Gross Revenue.....	\$32,400,563.06		\$9,854,047.09		\$1,708,251.06		\$4,460,412.00		\$16,045,603.25		\$303,060.80		\$29,193.86			
Ratio to Total Assets.....	73.33		60.13		53.47		96.88		105.60		7.10		8.89			
2. Net Income before Interest and Dividends.....	\$3,689,868.44		\$2,485,463.39		\$383,550.55		\$100,692.00		\$589,191.84		\$303,060.80		\$29,193.86			
Ratio to Total Assets.....	8.35		15.17		12.01		2.18		3.88		7.10		8.89			

Analysis of consolidated assets and consolidated income, classified by branches or departments—Continued

YEAR 1937

	Total		Production		Gas Wells & Lines Gasoline Plants		Refining and Manufacturing		Marketing		Investments in Unconsolidated Petroleum Affiliates		General Investment		Miscellaneous	
	Amount	Per-Cent	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Assets Used or Employed:																
1. Properties, Plant and Equipment	\$123,039,819.02	100	\$97,156,050.43	78.96	\$11,660,764.16	9.48	\$6,558,294.00	5.33	\$7,664,700.43	6.23						
Less Reserves	103,887,263.40	100	85,971,425.17	82.75	9,599,807.04	9.24	4,873,486.00	4.69	3,442,575.19	3.32						
Net	\$19,152,555.62	100	\$11,184,435.26	58.40	\$2,060,957.12	10.76	\$1,684,808.00	8.80	\$4,222,125.24	22.04						
2. Current Assets	18,671,439.47	100	6,391,481.84	34.23	107,925.48	.58	2,586,434.00	13.85	9,585,598.15	51.34						
3. Non-current Security Investments																
4. Investments and Advances in Affiliated Companies—Unconsolidated	1,316,551.69	100			999,500.00	75.92							317,051.69	24.08		
5. Intangible Assets	4,353,120.77	100									4,353,120.77	100.00				
6. Deferred Charges	115,233.00	100													115,233.00	100.00
7. Other Assets	269,436.92	100	8,714.53	3.23					250,722.39	96.77					137,695.03	100.00
Totals	\$44,016,002.50	100	\$17,584,831.63	39.95	\$3,168,382.60	7.20	\$4,271,242.00	9.70	\$14,068,445.78	31.97	\$4,353,120.77	9.80	\$317,051.69	.72	\$252,928.03	.57
Income:																
1. Gross Revenue	\$33,471,439.97		\$11,392,295.32		\$1,839,831.65		\$4,359,552.00		\$15,359,848.43		\$499,187.70		\$20,724.87			
Ratio to Total Assets																
2. Net Income before Interest and Dividends	76.04		64.78		58.07		102.07		109.18		11.47		6.54			
Ratio to Total Assets	\$4,774,925.45		\$3,312,128.71		\$473,912.72		\$90,239.00		\$859,210.45		\$499,187.70		\$20,724.87			
	10.85		18.84		14.96		9.14		6.11		11.47		6.54			

YEAR 1938

[illegible]

CONCENTRATION OF ECONOMIC POWER

STANDARD OIL COMPANY, INC., IN KENTUCKY

Analysis of consolidated assets and consolidated income, classified by branches or departments

YEAR 1936

	Total		(1) Marketing		(2) general Investments		Miscellaneous	
	Amount	Per-cent	Amount	% of total	Amount	% of total	Amount	% of total
Assets Used or Employed:								
1. Properties, Plant and Equipment	329.0	100						
Less: Reserves for Depreciation, Depletion and Amortization	137.8	100						
Net	191.2	100	191.2	.4833				
2. Current Assets	51.7	100	51.7	.1307				
3. Non-current Security Investments	89.8	100			89.8	.2270		
4. Investments and Advances in Af- filiated Companies-Unconsoli- dated		100						
5. Intangible Assets	2.8	100	2.8	.0071				
6. Deferred Charges	1.4	100	1.4	.0035				
7. Other Assets—Mdse. Inventory	58.7	100	58.7	.1484				
8. Totals	395.6	100	305.8	.7730	89.8	.2270		
Income:								
1. Gross Revenue—less Federal & State Excise Taxes	460.0	100		.1163				
Ratio to Total Assets								
2. Net Income Before Interest and Dividends	37.9	100		.0959				
Ratio to Total Assets								

(1) (a) Production, (b) Transportation, (c) Refining and Manufacturing; (2) Foreign Petroleum Branches; (3) Investments, etc. Columns eliminated—We have no investment.

YEAR 1937

Assets Used or Employed:							
1. Properties, Plant and Equipment	339.3	100					
Less: Reserves for Depreciation, Depletion and Amortization	136.7	100					
Net	202.6	100	202.6	.5055			
2. Current Assets	61.3	100	61.3	.1529			
3. Non-Current Security Investments	70.9	100			70.9	.1769	
4. Investments and Advances in Affiliated Companies Unconsolidated		100					
5. Intangible Assets	3.5	100	3.5	.0087			
6. Deferred Charges	1.7	100	1.7	.0042			
7. Other Assets—Mdse. Inventory	60.8	100	60.8	.1517			
8. Totals	400.8	100	329.9	.8231	70.9	.1769	
Income:							
1. Gross Revenue—Less Federal & State Excise Taxes	534.9	100	133.5				
Ratio to Total Assets							
2. Net Income before Interest and Dividends	41.8	100	104.3				
Ratio to Total Assets							

Analysis of consolidated assets and consolidated income, classified by branches or departments—Continued

YEAR 1938

	Total		(1) Marketing		(2) general Investments		Miscellaneous	
	Amount	Per-cent	Amount	% of total	Amount	% of total	Amount	% of total
Assets Used or Employed:								
1. Properties, Plant and Equipment.	354.1	100						
Less: Reserves for Depreciation, Depletion and Amortization	141.1	100						
Net	213.0	100	213.0	.5184				
2. Current Assets	64.6	100	64.6	.1572				
3. Non-Current Security Investments	69.4	100			69.4	.1689		
4. Investments and Advances in Affiliated Companies Unconsolidated		100						
5. Intangible Assets	4.8	100	4.8	.0117				
6. Deferred Charges	1.8	100	1.8	.0044				
7. Other Assets	57.3	100	57.3	.1394				
8. Totals	410.9	100	341.5	.8311	69.4	.1689		
Income:								
1. Gross Revenue	518.1	100	126.1					
Ratio to Total Assets								
2. Net Income before Interest and Dividends	37.7	100	.0917					
Ratio to total Assets								

H. W. PIERPONT, *President*STANDARD OIL COMPANY
(Nebraska)OMAHA, NEB., August 21, 1939.
File A

Mr. JAMES R. BRACKETT,

*Executive Secretary, Congress of the United States,
Apex Building, Washington, D. C.*

DEAR SIR: I have your letter of August 14th requesting certain information to Items 11-k (1) and 11-k (2).

Inasmuch as our company is a marketing company only, there is no further information for us to give.

Yours very truly,

H. W. PIERPONT.

5. Intangible Assets.....	74	100	2	3	6	8	66	89		
6. Deferred Charges.....	49	100					49	100		
7. Other Assets.....										
8. Totals.....	\$9,945	100	1,751	18	2,925	29	5,289	53		
Income:										
1. Gross Revenue.....	13,913	100	418	3	4,621	33	8,874	64		
Ratio to Total Assets.....	1.40 to 1		.24 to 1		1.58 to 1		1.68 to 1			
2. Net Income Before Interest & Dividends (Loss in Red).....	.01 to 1	100	37	42	.59 to 1	44	.87 to 1	88		
Ratio to Total Assets.....			.02 to 1		.01 to 1		.02 to 1			

YEAR 1938

Assets Used or Employed:										
1. Properties, Plant and Equipment.....	\$9,161	100	2,203	24	3,078	34	3,880	42		
Less: Reserve for Depreciation.....	3,211	100	828	26	1,249	39	1,134	35		
Net.....	5,950	100	1,375	23	1,829	31	2,746	46		
2. Current Assets.....	3,120	100	193	6	654	21	2,273	73		
3. Non Current Security Investments.....										
4. Investments & Advances in Affiliated Companies—Unconsolidated.....										
5. Intangible Assets.....	69	100	2	3	6	9	61	88		
6. Deferred Charges.....	25	100					25	100		
7. Other Assets.....										
8. Totals.....	\$9,164	100	1,570	17	2,489	27	5,105	56		
Income:										
1. Gross Revenue.....	12,053	100	396	3	3,638	30	8,019	67		
Ratio to Total Assets.....	1.32 to 1		.25 to 1		1.46 to 1		1.57 to 1			
2. Net Income Before Interest & Dividends (Loss in Red).....	16	100	26	162	.26 to 1	162	16	100		
Ratio to Total Assets.....	.002 to 1		.02 to 1		.01 to 1		.003 to 1			

NOTES: Amounts expressed are in units of \$1,000.00. (Example total as e/s, after eliminating treasury stock, was \$10,129,814.50).

Column for "Foreign Petroleum Branches" as carried on the recommended form has been eliminated above for the reason that the assets used or employed by Foreign Branches engaged in the petroleum industry are not in excess of 10% of the consolidated assets.

There are no unconsolidated petroleum affiliates. The company, or its affiliates, does not engage in production.

The Gross Revenue as above includes charges made by the Transportation Branch to the Refining Branch based to existing published tariffs. Likewise, it includes charges made by the Refining and Manufacturing Branches to the Marketing Branch based as a general rule to the low of Platt's Oilgram. The Gross Revenue for the Transportation Branch and the Refining Branch is principally inter-company and this inter-company portion is therefore eliminated in the preparation of consolidated published reports.

Italic figures indicate red ink.

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